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# ***JPRS Report***

## **East Asia**

### ***Southeast Asia***

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# East Asia Southeast Asia

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## POLITICAL

### ABRI Commander on Political, Security Situation

91SE0101A Jakarta TEMPO in Indonesian 12 Jan 91  
pp 22-24

[Interview with the Indonesian Armed Forces commander, General Try Sutrisno, by unnamed TEMPO reporters at his office on 2 January: "Political Temperature Will Rise"]

[Text] The political temperature will rise. The SARA [ethnic group, religion, race, and intercommunal relations] problem is still seen as one with potential to emerge at any time, and communism remains a latent danger. Other extremists remain potential threats and will always take advantage of sensitive situations.

These are some of the political subjects that General Try feels will come up in 1991. Following are excerpts from a TEMPO team's special interview with the four-star general at his office on Wednesday of last week [2 January].

[TEMPO] What do you think the security situation in Indonesia will be in 1991?

[Sutrisno] We have to ensure that the national security situation is stable and under control in 1991 so that it can better support the implementation of national development.

This is appropriate, for we are preparing for an "event" that we have experienced many times before. And through public political awareness, we hope it will be done in a more mature way. Thus, it will be more heated in a positive way, in the sense of more enthusiasm to participate in the general election. There is no need to worry.

[TEMPO] It appears that terrorist activities in places like Aceh, Irian Jaya, and East Timor are subsiding. What will ABRI's [Armed Forces of the Republic of Indonesia] tactic be to quench these flare-ups altogether?

[Sutrisno] It's true that terrorist activity is declining, and they are not expected to affect national stability and security.

ABRI's tactic for quenching these flare-ups includes assistance to regional development in the framework of improving the public welfare. We will also strengthen ABRI's unity with the people.

[TEMPO] What about SARA?

[Sutrisno] Indonesia has a heterogeneous population, from the aspect of ethnic group, religion, race, or communal identity. On one hand, this represents an asset that must be constantly enhanced and strengthened; but, on the other hand, this can be a source of trouble to which we should all be alert. Because of our heterogeneous society, the SARA issue in Indonesia is still seen as

a potential problem that may emerge at any time. Therefore, SARA continues to get the attention of the security apparatus.

[TEMPO] What about the international collapse of communism? What is the effect on Indonesia?

[Sutrisno] The fundamental changes taking place in East European countries are closely related to the Soviet Union's role as the international center of communist philosophy. The perestroika, glasnost, and democracy programs Gorbachev has conducted in the Soviet Union have had a big influence on changes in Eastern Europe, and on the international political scene, as well. At a glance, communism now seems to be on the threshold of disintegration, especially in Eastern Europe. We note from the statements of Gorbachev and Li Peng that both of them are seeking permanent world peace. From the aspect of their policies and ambitions for international superiority, however, they merely have changed their tactics in various ways. Ideologically, they steadfastly retain socialism and communism. Changes in communism in Eastern Europe do not reduce our caution toward the emergence of communist philosophy in Indonesia.

[TEMPO] Do we still need to watch out for neocommunism?

[Sutrisno] As long as we adhere to Pancasila, we must always watch out for outside philosophies that are contradictory to Pancasila. For that reason, we must always be alert to communism and neocommunism, because communism is still a potential threat. In other words, its philosophy still exists and is followed in parts of the world other than Europe and the Soviet Union. North Korea, China, and Vietnam still maintain that social and political system.

Communism is still a latent danger, in the sense that it will use any opportunity at any time.

[TEMPO] What about the rise of the "new left"?

[Sutrisno] The "new left" is a philosophy with no particular direction and tries to shake anything that is established. This is an element we must stop. The "new left" is "anti-establishment." Regardless of how small the indications are of this philosophy, we must be watchful and take early preventive action.

[TEMPO] Are other extremists dangerous?

[Sutrisno] That is a very important question. Besides the dangers of communism, other extremists still pose potential threats and will always take advantage of any sensitive situation. Such extremists include liberals, people seeking to set up a religious state, and certain groups that oppose New Order policies.

[TEMPO] What are your thoughts about openness and differences of opinion, which have recently been political topics of discussion in Indonesia?

[Sutrisno] Openness is a requirement for democratic life. It is essential that we develop it. Perceptions of openness are not necessarily the same from one group to another, however.

What we need now is for openness to be accompanied by national discipline so that there will be no danger to national life. Thus, the openness we want is based on Indonesian culture and must be founded upon Pancasila. The issue now is how to improve the quality of openness and democracy, rather than whether there is openness and democracy, for democracy is a process.

Differences of opinion are natural in democratic life and bring more input for the resolution of problems, but we must use differences of opinion for the benefit of the nation. Everyone should see to it that differences do not fragment or divide the nation. Therefore, differences of opinion must enrich our viewpoint and widen our perspective. Thus, we will be able to produce the best solution for any problem Indonesia faces. We must have sincerity, too, so that each person will accept the views of others as we seek the best possible answer, one that we can all support.

[TEMPO] What about the view that the government recently has been bridling artistic creativity, such as through the banning of Koma Theater's productions of the operas "Kecoa" and "Succession?"

[Sutrisno] Such views are not justified. The government is determined to promote development in cultural and artistic fields in compliance with the mandate embodied in the GBHN [Broad Outline of State Policy]. This includes efforts toward an expression of Indonesian creativeness, feelings, and desires that gives perspective and meaning to national development in every sector of national life. Therefore, we must continue to create an atmosphere conducive to the growth of an attitude of social responsibility and solidarity, a national discipline, and a cultural viewpoint that supports development and responds to its challenges. Art as an expression of culture should always be encouraged, so that it will accommodate and enhance the creativity of artists, improve public appreciation of art, and stimulate zeal and enthusiasm for national development.

Those bans were early security actions to prevent the spread of artistic creations that are not in accord with the GBHN mandate. It was also an educational action to teach artists to understand better their responsibility for deciding by themselves what artistic and cultural creations are consistent with the direction of national development and thus acceptable for staging.

Banning extremist groups does not mean that we do not adhere to Pancasila. Our refusal to recognize the concept of opposition parties does not mean that we are not democratic. The concept of opposition in any form is not found in Pancasila democracy, which exalts a spirit of family and togetherness.

Banning SARA-related things or art that is not educational does not mean there is no openness. This, therefore, is our principle: Everything has a moral limit, namely Pancasila. There are traffic laws; but although violators of traffic laws are prosecuted, the streets are not closed.

[TEMPO] What is your viewpoint on current relations between the bureaucracy and Islam?

[Sutrisno] In this discussion, what we mean by bureaucracy and Islam needs to be defined. Bureaucracy is understood to mean the government (the political supra-structure), and by Islam we mean a part of the political infrastructure, as embodied in mass organizations. Their relations are harmonious. The government always endeavors to improve Indonesian life and society and the relationship of man to God, to his fellow man, and to the environment. Such improvement means balance between the physical and the spiritual and promotion of an increasingly dynamic and cooperative spirit, so that people can be willing and able to proceed with national development.

These harmonious relations do not exist with Islam alone, but with other "parts of the infrastructure," too.

[TEMPO] What about the young people who will be voting in the next election for the first time?

[Sutrisno] Because Indonesian young people are educated, they are aware that the role of the general election in democratic life is expanding. Therefore, more young people will participate in the 1992 election than in past elections. For that reason, the awareness and participation of young people in the next election will be a standard for measuring the success of the public's political education.

[TEMPO] What about indications of "GOLPUT" ["white group," people who do not vote] among young people, as some experts have found from their research?

[Sutrisno] In both quantity and quality, youth organizations are growing. This fact indicates that the participation of young people in organizations is on the increase.

Thus, they will increasingly realize their rights and responsibilities as citizens. They will then put their political awareness into practice, particularly in the next election. In this connection, ABRI has not seen or felt any sign of the emergence of GOLPUT among young people.

Moreover, I am confident that Indonesian young people are neither pessimistic nor small-minded toward the future. GOLPUT represents an uncertain position, or, rather, no position. If I may say so, it is an attitude of hopelessness. Why must we recognize this in our society? I think that if we are consistent GOLPUT will have no place among us.

[TEMPO] What about the fear that patriotism is declining among young people?

[Sutrisno] Such concern is merely human. Our grandparents worried about our parents, and at times I have worried about my own children. But I look at patriotism from the aspect of their commitment, perception, viewpoint, and way of thinking. I do not have any doubts about young people now. In fact, I am sometimes surprised at certain aspects. Their power to analyze is better than ours.

We should not measure patriotism by its expression, for it does not emerge in the same form in every generation. Patriotism prior to the '45 Generation, before the "Youth Oath," was different. Formerly, the measure was, "Who is willing to be vocal?" But if someone goes to jail now, he is stupid. Why go to jail in one's own country, under one's own government?

[TEMPO] What about social disparities, and companies that hire only certain groups? The problem is that this touches on SARA, since many people of Chinese descent are involved.

[Sutrisno] Politically, we need to be warned. Exclusivism is found everywhere, but anything exclusive is bad. We as a pluralistic society have made a promise. Thus, I agree that we must not be exclusive or form groups. Whoever rebels against this is not faithful to Pancasila and will cause distortions. I have tried to warn people not to be exclusive. If this sort of thing is encouraged, the potential SARA problems will explode.

Now, the criterion for hiring is ability. That creates healthy competition. Because those who run the companies naturally do not want to hire ignorant people, we must be introspective about this. However, if job seekers all have the same skills, and managers still hire from their own race, we will have to warn them.

[TEMPO] What about areas exclusively settled by people of certain ethnic groups?

[Sutrisno] For that reason, it is our policy to have a balance between luxurious homes and simple homes. We cannot, however, keep people from buying houses according to their means, but we should not unwittingly or indirectly cause segregation.

[TEMPO] What about relations between religions? Tension seems to be increasing, as, for example, over the Christianization issue.

[Sutrisno] The first principle of Pancasila declares that this country is not a religious state. I am not going to go into all kinds of issues. The important thing now is to do something concrete. Pak Harto [President Suharto] does not make a lot of noise, but he has built hundreds of mosques and cared for hundreds of orphans. We should not be merely reactive. On the other hand, other religions should respect these things.

Islam should not be made a narrow religion by Muslims themselves. Islam is both beautiful and broad in its teachings. It brings harmony. Islam is "Rahmat Lil

Alamin" and not "Rahmat Lil Islami." [Islam is a mercy for all people and not just for Muslims.]

### Village Role in National Development Promoted

91SE0155A Jakarta MERDEKA in Indonesian  
8 Feb 91 p 7

[Text] Through ABRI [Armed Forces of the Republic of Indonesia] Village Assistance (AMD) activities in West Java, ABRI has been successful in motivating the village community of the province to participate actively in the national development process. As a result, many obstacles, whether related to funds or to professionalism, that are faced by the village community in contributing to development are gradually being surmounted.

AMD activities, which most recently were included in ABRI Unity Program 35, have been accepted enthusiastically by the people as they work together with ABRI in its involvement in development within various sectors.

Lieutenant Colonel (Infantry) T. Sumarlan, deputy territorial assistant (WAASTER) for KODAM III [3d Military Region Command]/Siliwangi, told PAB [Armed Forces Press Service] that AMD activities by KOREM's [Military Area Commands] and KODIM's [Military District Commands] have been directed toward isolated village communities, or communities left out of the national development process for various reasons. The two Unity Programs completed in 1990-91, namely Unity Programs 34 and 35, exhibited a trend toward positive community participation.

Unity Program 34, conducted from 18 October to 7 November 1990, targeted 30 villages in 6 subdistricts throughout West Java: KODIM 0606/City of Bogor, KOREM 062-KODIM 0611/Garut Regency, KODIM 0612/Ciamis Regency, KODIM 0613/City of Cirebon, KODIM 0617/Majalengka Regency, and KODIM 0602/Serang Regency.

The programs achieved targets consisting of both physical and nonphysical development and were conducted jointly by members of ABRI and the community. Besides achieving the principal targets set for physical development, they also reached supplementary targets. These supplementary targets added even more value to AMD program successes.

ABRI Unity Program 35 involved thousands of citizens on each day that work was conducted. This demonstrated that the communities were sympathetic to what ABRI was doing to help them in their efforts to develop their areas.

Physical targets successfully achieved under the AMD program normally consisted of road building and paving or road repairing. Vital public facilities, like irrigation canals, neighborhood security posts, and houses of worship, were built, so that the community would be able to enjoy great benefits after ABRI members left. "More important, the people are motivated through the ABRI

Unity Programs to participate more actively in the national development process, at least to work in their own areas," the WAASTER stated.

### Earns Pay

The WAASTER rejected the view held by some civilians that the Army has nothing to do in peacetime to earn its pay, saying, "Such a charge is not true, for ABRI duties are not limited to war. ABRI also takes much action and has a big share in national development efforts."

ABRI has constitutional authority for its assignment as national stabilizer, which naturally puts it in the forefront in efforts to maintain national security. ABRI's duty is to maintain comprehensive order in society by anticipating domestic and foreign threats, disturbances, hindrances, and challenges.

"War will occur only when peace with another country cannot be reached and after there have been many kinds of efforts to reach peaceful settlement. The important thing is that we always avoid war as long as another country does not violate our national and human rights. We are a people who love peace, but we love freedom more," he also declared.

ABRI also acts as the people's guardian, and in its many duties it is required to be alert and disciplined at all times.

Such an attitude is adopted in order to have a psychological effect on an enemy, for true readiness is displayed through constant alertness. This has a psychological effect on enemies who might do all kinds of things.

In its firmness, ABRI is sometimes wrongly perceived by some people, occasionally appearing to "overact" toward the community. This needs to be rectified, the WAASTER stated, for ABRI's correct attitude should be: "It is only a person who commits a crime or who is a thief who should not be protected."

It is a fact of history that ABRI was the offspring of the people and thus was one with them in the motivation to seize independence decades ago.

ABRI's oneness with the people is not negotiable, for the precept is absolutely fundamental and constitutes the main principle of national life. AMD activities embody an objective of refreshing the memory of the Indonesian people toward this pridesworthy principle. Another purpose of AMD is to strengthen ABRI's relationship with its "parents," the people.

### Government Makes Loans to Cooperatives

91SE0101B Jakarta EDITOR in Indonesian  
5 Jan 91 p 18

[Text] The Department of Cooperatives is trying to help farmers expand their operations. One of the department's methods is provision of credit. Since 14 April 1990, the department's Directorate General for Business

Development has received automatic guarantees from the PERUM [Public Corporation] for Financial Development of Cooperatives (PKK)—a BUMN [state-owned business enterprise] under the Department of Finance—for 100 billion rupiah in loans.

The implementation of the loans has been slow, however. As of October 1990, applications had reached 30 billion rupiah, but approved loans totaled only 4.5 billion rupiah. "It has been quite slow because of new regulations. Borrowers themselves must plan for use of the credit. It appears that farmers and the community are not yet accustomed to this 'bottom-up' procedure," Director General Binuskop Subiakto Tjakrawerdaja, SE [Master of Economics], said on Monday of last week [24 December 1990].

Banks that can provide the credits backed by PERUM PKK are BRI [Indonesian People's Bank], Bank BNI [Indonesian State Bank], BBD [Bumi Daya Bank], Exim Bank, BAPINDO [Indonesian Development Bank], BUKOPIN [Indonesian Cooperatives Public Bank], Summa Bank, and Nusa Bank. There are three methods for channeling the KUK (small business credits) to cooperatives: first, farm credits, or KUT; second, credits for strategic commodities such as rice, vegetables, cloves, fertilizer, and salt; and third, credits for any productive activity conducted by members of the cooperatives. "We will accelerate the flow of these cheap credits. Each member can get a maximum credit of 30 million rupiah, an adequate amount," said Subiakto.

Loan conditions include the requirement that a member himself must be able to make application for the productive business to be financed by the bank. Subiakto also explained that the Department of Cooperatives is now organizing all regulations and decisions into one government regulation. "Some are being reviewed, and additions are being made for things that have not been covered," he said.

He called the new revision the "Re-Regulation of Cooperatives." "This is so as not to confuse it with 'deregulation.'" Extensive explanations and changes will be provided in article 3 of Law No. 12 on Cooperatives, which regulates how cooperatives work with BUMN's and the private business world.

According to the Department of Cooperatives, it is not possible for cooperatives to work together if they are not converted to professional business organizations first. "I am going to introduce the share system to cooperatives, possibly in some form of savings certificate," Subiakto said. In addition, article 28 of Law No. 12 will better clarify the government's role in cooperatives. For example, the government's role will be "bottom up" rather than "top down."

For this purpose, the department via its regional offices throughout the country will give technical guidance on drawing up applications or feasibility studies. KUD's [village unit cooperatives] will also receive guidance on

retail business, savings and loan operations, apprenticeships in self-supporting cooperatives, and intercooperative comparison studies. There will also be business forums for KUD managers up to the regency level.

The objective of all of this is the creation of 2,000 self-supporting cooperatives in REPELITA V [Fifth 5-Year Development Plan]. He said that in fiscal 1989-90 his office was able to establish only 544 self-supporting KUD's, or 98.1 percent of the target for the year. For fiscal 1990-91, the target is 685 KUD's (including the balance of the previous year's target).

There are 13 criteria for determining whether a KUD is self-supporting. These include an annual meeting of members, ownership of its own capital, audits, volume of transactions per member, business facilities, number of irregularities, and loan balances. Looking at current self-supporting KUD's, the greatest volume of business was achieved by the KUD at Batu, Malang, East Java, which has a business volume of almost 8.4 billion rupiah.

The Batu KUD also has the most members, 12,500 people. Measured by capital, the biggest KUD is still the Makaryo Mino KUD in the Pekalongan Regency. Its capital is more than 2 billion rupiah. The richest KUD is neither in Central Java nor East Java, but in West Java. The Sarwa Mukti KUD in the Bandung Regency has assets totaling about 3.9 billion rupiah.

The distribution of shares by conglomerates is moving smoothly. As of the end of 1990, 105 companies—66 companies of the Indonesian Forestry Community and 39 companies of the Prasetya Mulya Group—have distributed shares to cooperatives. A total of 45.3 million shares is to be distributed in this way.

## ECONOMIC

### Government To Procure Diesel Fuel for Industry

91SE0146A Jakarta KOMPAS in Indonesian  
4 Feb 91 p 2

[Text] Jakarta (KOMPAS)—The government will arrange to procure diesel fuel for industries that need it for generating electric power. This effort is in support of the new government policy that permits industries to import diesel generators for producing the electricity they need.

Director General for MIGAS (Oil and Natural Gas) Suyitno Padmosukismo revealed this on Saturday [2 February] in reply to a reporter's question after Suyitno opened the Seventh MIGAS Drilling Technology Course, which is being sponsored jointly by the Indonesian Government and the UNDP [United Nations Development Program]. The course, which is to last until 16 March, is being held at PPT [Pertamina] MIGAS Cepu and is attended by 16 people from Pakistan, Papua New Guinea, Turkey, Suriname, Yugoslavia, Sri Lanka, Egypt, Morocco, Nigeria, and Indonesia.

The director general said that the government adopted the diesel generator import policy because it realizes that the PLN [State Electricity Enterprise] cannot possibly meet industry's future electricity demand. To make this policy effective, the government will also arrange for adequate supplies of petroleum fuels (BBM) for various types of diesel engines.

"If fuel cannot be supplied by domestic refineries, it will be imported. The government wants to encourage domestic industry rather than hinder its growth," he said.

He acknowledged that domestic BBM demand is rising rapidly and that the current refinery capacity of more than 800,000 barrels per day is limited. In the short term, therefore, the government (through PERTAMINA [National Oil and Natural Gas Company]) will try to modify and raise the capacities of the refineries. In this way, their crude oil refining capacities will be more suitable and their production can be increased selectively according to types of BBM needed. Meanwhile, BBM imports, such as from Singapore, will continue.

In 1990, for example, the Department of Mining and Energy recorded a jump in domestic BBM consumption to 34.6 million kiloliters (kl), whereas the original estimate was 31.2 million kl. This consumption required imports of 1.5 million kl. BBM demand in 1991 is expected to reach 38 million kl, 3.9 million kl of which will be imported.

According to Suyitno, this situation will make electricity more expensive. Knowing this would happen, the government has tried to reduce the amount of electricity PLN generates by use of BBM.

The effort has not been very successful, however. Most electricity is still being generated through use of petroleum. In the current fiscal year, the government has put aside 626.5 billion rupiah for BBM subsidies.

Since the Gulf crisis has made petroleum prices higher on overseas markets, the situation has become even more difficult. The government therefore cannot guarantee that private industry will be able to get BBM cheaply in the future.

"I intend to ask private firms not to use diesel fuel alone, for they can use other energy sources, such as LSWR (low sulfur waxy residue). Of course, they must make a little modification, but it is technically feasible," he commented.

### Keep Looking

In his remarks at the opening of the drilling course, the director general emphasized that Indonesia is continuing to look for new oil and natural gas reserves so that it can increase its domestic production.

"It is estimated that Indonesia possesses 84 billion BOE (barrels of oil equivalent) in 60 basins covering 2.8 million square kilometers. Of this total, it is estimated



that 36.1 billion BOE are in the form of natural gas (217 trillion standard cubic feet)," he stated.

He noted that only 36 of the basins have been explored and that only 14 of 21 hydrocarbon deposits have produced oil. This is merely a third of the basins. Indonesia currently drills an average of 150 exploration wells and 500 exploitation wells every year. As of the end of 1990, more than 19,000 wells had been drilled, 17,200 on land and 1,800 in offshore waters. In 1990 alone, 261 production oil wells and 7,300 production gas wells were drilled to maintain the level of production.

### Joint Flow of Investment on Increase

9ISE0156A Jakarta PELITA in Indonesian  
4 Feb 91 p 2

[Text] Trade relations between the PRC and Indonesia, particularly since the resumption of diplomatic ties last year, have been marked not only by rapid movement of imports and exports of goods and services, but also by movement of capital.

Within the PRC itself, the government has made industrial sites available exclusively for foreign investors. These include locations in the industrial cities of Shenzhen and Zhuhai, as well as the industrial city of Shantou in Guangdong Province and Xiamen in Fujian.

The industrial city of Shenzhen, which has an area of 327.5 square kilometers, has provided facilities for foreign investors. Facilities include permission for 100 percent capital investment and exemption from import duties on raw materials.

Other facilities given to investors by the Chinese Government include a 50 percent reduction in the income tax rate, namely 15 percent during the first two years.

These government offers are naturally interesting to foreign investors, including Indonesians. Liem Sioe Liong, for example, has accelerated his investing in the PRC. His investments are made through the Rong Chiao Group, which is made up of 30 Fujian-born businessmen living in several countries.

The group's investments include the Yuan Light Industry in the Shangzeng Honglu area [as published], the Guan Yuan Shoe Factory, and silk flower making.

The group also built the Rong Chiao Hotel in Fuqing, and it has investment in process for Yuan Hong Garden in Fuzhou. This office and apartment complex is scheduled for completion in 1992.

Now that diplomatic relations have been restored, will there be a greater flow of investment into China from Indonesia? "Not necessarily. We have to look at conditions in China and at the profit that can be made," said Ciputra, boss of the Jaya Group.

He said that although there are advantages such as cheap manpower, with wages of 70 to 100 yuan per month

(30,000 to 45,000 rupiah), investments are better in countries with economies stronger than Indonesia's. "Investing in the advanced countries provides greater profits," Ciputra asserted.

Are investments made by the Salim Group based more on ties with ancestral lands than on business considerations? According to Prof. Sadli, investments by Salim and other China-born businessmen should not be immediately suspected as "capital flight." As far as Prof. Sadli can see, the considerations are purely business. "They are also not based on ties with ancestral lands," Sadli said.

Osman Sapta, managing director of the China Committee of the Indonesian KADIN [Chamber of Commerce and Industry], expressed the same opinion. In fact, he feels that the objective of these investments is to embrace PRC businessmen and to strengthen ties between the two countries now that diplomatic relations have been opened.

There is no need to be suspicious of foreign investments, whether in the PRC or other countries, as long as the investments stimulate the Indonesian economy. "Undesirable investments are those that do not produce any domestic activity," said I Nyoman Moena, director of PT [Limited Company] Sucofindo.

In the opinion of Dr. Djisman Simandjuntak, however, the government should monitor investments made overseas. If capital being invested does not have any connection with our domestic economy, it should be switched to uses that can produce economic transfers. This should not be interpreted to mean that going to China is a "sin," however.

### No Problem

Antoni Salim, Liem Sioe Liong's "crown prince," said he has long made preparations for investments in China, especially in export-oriented products. "Maybe after the Gulf War ends," he said.

"If we can invest in Moscow or Australia, why not in the PRC?" he asked. He did not specify which sector his group will select, however.

PRC businessmen are doing the same thing. Most of the 5,790 businessmen who have come here since diplomatic relations were opened want to invest in Indonesia, primarily in the electronics and machinery industries. "There has also been interest in investing in food processing and agriculture," Chris Walean said.

Wang Jianjun, a deputy director of the textiles division of Chinese conglomerate China International Trust and Investment Corporation (CITIC), recently told the press that his company is looking at market opportunities and exploring investment possibilities in certain sectors.

"We are still in the study stage and have not brought any concrete projects. We have seen several sectors we could enter," he said. He sees a possibility for entering the jute fiber industry.

As for Indonesian regulation of PRC businesses, Chris said that whatever regulations apply to other countries apply also to China.

"For instance, they applied for permission to invest in closed sectors, such as the rattan industry. The BKPM [Capital Investment Coordination Board] responded by

recommending that they conduct joint ventures with small and middle-sized businesses," Chris said.

The Indonesian KADIN's China Committee also recommended that PRC groups interested in investing in Indonesia use a system of cooperation with local businesses.

In other words, the investments of Chinese businesses in Indonesia will not be limited to producing goods previously imported from China.

### PRC Y12 Aircraft Delivered

91SE0133D Vientiane PASASON in Lao 4 Feb 91 p 1

[Unattributed report: "The Presentation Ceremony for the Second 'Y12' Aircraft"]

[Text] In the afternoon of 2 February at the reception room of the Vattai Airport of the Vientiane Municipality there was a signing and presentation ceremony for the second "Y12" aircraft, which involved Lao Airways and the PRC Aeronautic Technology Export Company.

In this ceremony Mr. Ounreuan Satlitthian, the director of Lao Airways, signed for the Lao side, and Mr. Vang Chang Ming, the sales director for "Y12" aircraft in Asia, and Mr. Li San Lian, the director of the sales project for the "Y12" and a high-level engineer, signed for the Chinese side.

Also present were Mr. Tou Si Kop, the Economic Attache' of the PRC in the LPDR, Mr. Bounsoum Somsihakhom, a representative of the Lao Civil Aeronautics Department, and high-level cadres of Lao Airways.

The third and fourth "Y12" aircraft which Lao Airways ordered from the PRC Aeronautic Technology Export Company arrived in the Vientiane Municipality in the afternoon of 29 January 1991.

### New Zealand Aid Handed Over

91SE0133C Vientiane PASASON in Lao 4 Feb 91 p 1

[Unattributed report: "The Government of New Zealand Presents Aid For the Clean Water Project"]

[Text] In the afternoon of 1 February at the Ministry of Public Health there was a ceremony for the presentation of a check for 292,500 baht which the government of New Zealand had sent to assist the project for providing clean water in Khammouan Province and Bolikhamxai Province. Dr. Bovola Chounlamounti, the deputy head of the Office of the Ministry of Public Health received the aid, which was presented by Mrs. Linda Ron-e, the second secretary of the Embassy of New Zealand to the Kingdom of Thailand.

During the past year the government of New Zealand has provided a total of 210,000 baht to assist the project for providing running water for Champhon District of Savannakhet Province, the project for providing running water for Luang Prabang Province and the project to put in water pipe in Phon Hong District of Vientiane Province.

### Thai Viewed as Uncooperative on Power Grid Deal

91SE0133A Vientiane PASASON in Lao 22 Jan 91 p 2

[Report by Viangkham Thanousai: "The Bang Yo Electrical Distribution Station"]

[Excerpts] The Bang Yo electrical distribution project or as it is called, the 115/22 kilovolt distribution station, was built in Pakse, Champassak Province to receive electrical power from the Xe Set Hydroelectric Dam in Saravane which will produce 45 megawatts. It was built with international cooperation in order to send power for sale to Thailand in accordance with an agreement which has been signed. The power will go to Chong Mek next to the Soulinthon [Sirinthon] Hydroelectric Dam in Ubon Ratchathani Province Thailand, our fraternal neighbor. It is largely finished.

Comrade Thongdeng, the head of the construction and electrical installation unit for provinces in the South of Laos, informed me that the primary goal in the construction of the Bang Yo distribution station was to transmit power to Thailand and also to supply power to the people in many areas of Champassak Province. This high-tension power network which was built from the Xe Set Hydroelectric Dam to the Bang Yo distribution project and on to Chong Mek (on the Lao-Thai border) between Champassak Province and Ubon Ratchathani Province is 114 km long. The 342 poles and pylons carrying the power line have been set already. [passage omitted]

But at the same time it does not appear that the Thai side intends to carry out the treaty which both sides had signed to the extent that it should. This can be seen now in that the Thai side has not begun the construction to extend the power lines from the Soulinthon Dam to Chong Mek (on the Thai-Lao border), a distance of 15 km. This has caused the long delay for extending power transmission from Laos to Thailand -Thailand has not carried out the plan according to schedule.

Nevertheless the Lao people are determined to carry out the joint communique' of the prime ministers of the two countries, Mr. Kaysone Phomvihane and Mr. Chatchai Chunhawan, and are confident that the work to extend the power lines from the Xe Set Dam to the Soulinthon Dam will be completed in the near future because the extension of this power line will benefit both the Lao and the Thai people who are brothers. Comrade Houmphon, the director of the Lao Electrical Power Enterprise told me that since 15 January 1991 the Xe Set Dam has been testing the first generator by providing light to the offices of the dam and to people living nearby. By the middle of 1991 the dam will be able to transmit power to Ubon Ratchathani Province, Thailand. As to whether the construction of the power line from the Soulinthon Dam in Thailand to Chong Mek on the Thai - Lao border will be finished according to schedule or not, we will wait for their response. All this will benefit the Lao and Thai people and their friendship which has been steadily growing.

### Bolikhamxai Receives Foreign Aid

91SE0133G Vientiane PASASON in Lao 14 Jan 91 p 1

[Unattributed report: "In 1990 Bolikhamxai Province Received Hundreds of Thousands of Kip in Foreign Aid"]

[Text] The Bolikhamxai Province committee responsible for relations with foreign countries revealed that during 1990 the province received many hundreds of thousands of dollars from friendly countries and various international organizations to develop the economy and society of the province.

This aid was used in conjunction with the province's budget to build and expand agriculture, education and public health and to provide funds for additional training in various occupations. This aid included more than \$84,000 from the CIDSE [International Cooperation for Development and Solidarity] organization, more than \$268,000 from the SIDA [Swedish International Development Agency] organization of Sweden, \$70,000 from the Australian Children's Aid Organization, more than \$33,000 from the UN Development Organization, and more than \$8,400 from the Australian Organization for International Cooperation. In addition Bolikhamxai Province also received more than \$700,000 from the CCN [expansion unknown] organization of France to be used in expanding the network of hospitals and increasing the amount of medical equipment. In Pakkading District the Japanese Volunteer Organization provided more than \$10,000 to be used for activities to benefit women and children. This organization also provided funds for training the women of the province in occupations.

#### **Foreign Aid to Xaignabouli District**

91SE0133F Vientiane PASASON in Lao 14 Jan 91 p 1

[Unattributed report: "In 1990 Paklai District Education Received 19 Million Kip in Aid from International Organizations"]

[Text] In 1990 the education and sport service of Paklai District, Xaignabouli Province, received 19 million kip in aid from various international organizations.

This aid was used to build schools and to promote other educational activities.

In 1990 the budget for education in Paklai District totalled more than 121 million kip. This included 90 million kip in salaries for teachers, instructors and educational cadres, more than 10 million kip for construction, and more than 21 million kip for various supplies.

#### **Vientiane District's Operations Against Enemy**

91SE0133E Vientiane PASASON in Lao  
5 Feb 91 pp 3-4

[Report by V. Viangvang: "The Soldiers of Vang Viang District"]

[Excerpts] [passage omitted] For the past 15 years the soldiers of Vang Viang District in addition to strengthening their own combat forces have also built a good public security network. They have set up guerrilla areas,

set up local military units in every canton, and set up guerrilla units in every village. They have corrected every situation mentioned in the past. Vang Viang District has been able to attack and destroy every scheme of the imperialists designed to disrupt the new system of our nation. Speaking of the district's combat forces, there were many outstanding units which had been able to conduct operations to eliminate the enemy in the forest and search out spies and eliminate their units. Many units had destroyed underground forces of the enemy; they killed and captured many and captured a great deal of weapons and equipment. At the beginning of 1991 officials of the Vang Viang District military headquarters arranged a ceremony summarizing one year's results. [passage omitted]

In addition to the accomplishments of the past year, in the middle of January Vang Viang District soldiers conducted sweeps to search locations where there were groups said to be Chao Fa and Chao Cheuang. They surrounded the area, attacked and used propaganda. They were able to make all 127 soldiers and people in the Chao Fa area come out and surrender. Of these 25 were soldiers. They carried 17 weapons, 3,000 rounds of various kinds of ammunition and one radio, type (ICOM). At present the soldiers of Vang Viang are carrying out the duties assigned by upper echelons of the party with the goal of achieving success in every area of the plan.

#### **Xieng Khouang Hmong Resistance Atrocities, Operations**

91SE0133B Vientiane PASASON in Lao 31 Jan 91 p 2

[Report by V. Viangvang: "Happiness Is Better Than Rebirth"]

[Excerpts] Ever since the nation was liberated, the people of Ban Longkon Village and Ban Nampiat Village of Soui Canton and District, Xieng Khouang Province have been free from the fires of the cruel war of the American imperialists. [passage omitted]

At the beginning of January 1988 60 Chao Fa Hmong soldiers under the command of Mr. Bounmimoua surrounded our two villages and forced us to leave with them. [passage omitted] After 15 days and nights we received orders to stop and stay where we were. Through our questions we learned that it was the area of Phou Fa Mountain and Phou Yia Mountain, which is between Meuang Met and Meuang Feuang. Our two villages totalled 69 families. After we had stayed there two to three days, they made Mr. Khammon a Lieutenant Colonel in command of all the Lao Theung in our two villages and ordered that huts be built for our families next to their own. About half a month after that they appointed 47 families to clear land for dry field rice to be prepared if their unit, which was conducting operations, came to stay in that area. They took all the knives of the families and gave them to the group doing the clearing. The other 22 families were sent to Ban Phi Village to

take care of their unit. When the 47 families clearing land reached the Nam Lik River, they made a raft to send a letter down to the administration at Meuang Feuang. When the Chao Fa group learned of this, they captured Khammon, who had been made Lieutenant Colonel and our commander, killed him and left him. Since then the Chao Fa soldiers increased their surveillance and did not trust us again.

The two years that we were under their leadership were two years during which we sought every means to get out to the party and state so that we could build a village, but it was too much for us because all the Hmong villages in the area of Phou Fa Mountain and Phou Yia Mountain were Chao Fa villages. To make matters worse they stationed a number of Chao Fa soldiers in our village at all times. Their suspicion of us got worse until they did not have us go out to clear land. Then if one wanted to eat one had to go work for the Hmong. If one did not work the rice fields and gardens for the Hmong, one did not eat. The money and valuables which we had had we used up buying rice and yams from the Hmong in order to stay alive. At the end of 1990 there was an opportunity when our People's Army conducted a sweep in that area. Their soldiers, called the Chao Fa and Chao Cheuang, were scattered. All the Hmong villagers fled. We discussed the situation and then sought a way to reach the party and government and to reach our home villages.

This escape was very dangerous because every Hmong village in the direction of the Mekong River belonged to them. But we used this opportunity when they were scattered to leave the Phou Fa Mountain area. We climbed down Phou Ban Mountain to the Nam Lik River. We crossed the Nam Lik River and climbed Phou

Sam Che Mountain. Then we went down toward Houai Katoï River and climbed Phou Kong Mountain. Then we went down toward the Nam Fa River and climbed Phou Farang Mountain where we reached Ban Yaokaiso Village. After we reached there, we wrote a letter and picked four people to carry it to Ban Kaiso and bring it to members of the army. Then soldiers were appointed who brought us to that mountain in the morning of 20 January 1991. The administration of Pheun District used vehicles to bring us directly to Vang Viang District the evening of that same day. We received a warm welcome from everyone.

Mr. Bounsong and Mr. Siangbounpheng told me that when they were under the leadership of the Chao Fa, the Chao Fa would tell them that that person was a colonel and this person was a lieutenant colonel. Some could not remember their rank because they were always working for the Hmong and digging wild yams to eat to take the place of rice. We now number 22 families with 127 people. Of these 25 became soldiers for them, and their ranks were: colonel, one; lieutenant colonel, three; major, eight; captain, five; and first lieutenant, eight. We carried 17 weapons which included four M-16's, one SKS, one M-14, two carbines, one mattalangsik, eight AK's, two hand grenades, 1.2 kg of explosive and one radio (ICOM). In addition many people said happily that they had returned to the party and state for the second time and wished to be able to die under the leadership of their country. They would not flee again even if they were forced as they had been in the past. It would be better to be killed than to starve and be an enemy of our nation. They all said it was like dying and coming back as one's former self.

## POLITICAL

### UMNO Youth, MCA Youth Cooperation Applauded

91SE0160A Kuala Lumpur BERITA HARIAN  
in Malay 4 Feb 91 p 10

[Editorial: "Keep Up Efforts To Improve Cooperation"]

[Text] After being quiet for a while, UMNO [United Malays National Organization] Youth and MCA [Malaysian Chinese Association] Youth have spoken again and on the same note: They want to hold talks to strengthen unity and improve cooperation among their leaders. In these future talks, the senior leaders of both groups will outline efforts to improve the contribution of BN [National Front] Youth to the political stability of the governing party and to national interests. This means that they, as leaders of elements supporting the BN, want to create a basis for lasting, strong, and effective understanding in order to assure continued BN government of the country and not merely for the sake of energetic activity at election time. This was the thrust of what MCA Youth President Datuk Chan Kong Choy said yesterday. UMNO Youth President Datuk Najib Razak also confirmed the intention. Therefore, we can say that both organizations have agreed to try to create an atmosphere that will be beneficial to the party and to the country.

The desire to strengthen cooperation between UMNO Youth and MCA Youth is not something new. It had been talked about for a long time, but the issue was discussed more vigorously while Datuk Kim Lee Sai (now deputy MCA president) led MCA Youth. Nevertheless, the two groups failed to achieve what they wanted, for several incidents blocked success and muddled relationships between the organizations. For example, there emerged some sensitive issues that offended UMNO Youth and Malays generally. For its part, MCA Youth continued to suppress the pure ideals that inspired it. The two groups were estranged by questions over indigenous peoples, participation in the economy, Malaysian as the language of education, and the Education Act.

What made it difficult was that these issues were raised in open forums or outside official channels. Thus, the issues were not discussed at the conference table but became public polemics in the community at large. This situation would not have come about had the two groups truly understood and respected each other's interests. It could have been avoided if the leaders of the two groups, and their parent organizations, had been honest and sincere in promoting the interests of the people they represented. The important point is that neither group should act merely to refute the claims of the other, while sacrificing the understanding they have had for so long. When faced with a problem, they should be willing to talk to find a resolution satisfactory to both sides. To

strengthen understanding, each group should try to avoid making any statement that could offend the other.

We realize that immediate steps to strengthen cooperation between the two organizations are very important to the maintenance of national stability and progress and to public unity. This is because UMNO and the MCA represent two majority communities that not only adhere to their own religions and cultural values, but also differ in their economic and political lives. For example, it is to be admitted that most Malays are economically far behind people of Chinese descent. Although the government has conducted a number of programs to improve the economic status of Malays, the desired achievements and changes have still not been made. Most Malays still live in rural areas and work in the agricultural sector, while Chinese are more concentrated in the cities and work in business and trade. The gulf between the two communal groups remains. In several ways, they are now even farther apart. Therefore, it is the responsibility of UMNO Youth and MCA Youth to try to close this gap, so that the dream of a unified Malaysian nation can one day be a reality. True unity cannot be achieved without the involvement of other component parties, however. Similarly, the BN cannot be a superior government without the support of other component parties. Thus, national unity is not the responsibility of UMNO and the MCA alone.

### Chinese Organizations Not Grooming Successors

91SE0158A Selangor SIN CHEW JIT POH in Chinese  
16 Jan 91 p 3

[Article by Ch'en Kuo-hsi: "Before Chinese Organizations Fracture, Let's...."]

[Text] [Box p 3] Chinese devote extraordinarily great attention to the education of the next generation, yet Chinese organizations' training of successors is frequently the most ignored. [end box]

Although the Chinese devote extraordinarily great attention to the education of the next generation, Chinese organizations' training of successors is frequently the most ignored. This has become the weakest link in the organizations. Given the present circumstances, the effort that leaders make in the training of successors is certainly insufficient.

In view of this shortcoming, the Kuala Lumpur Chinese Youth Association founded a few days ago marks a very fine beginning in undertaking the mission of training successors for Chinese groups.

A look around at Chinese organizations in Malaysia shows that the leaders of most bodies are the same people. This is true of political parties, social groups, and even some youth organizations. As a result, some people say that there are no longer any people to carry on in the teacher's movement and that it is fracturing. Possibly the situation in the teacher's movement is atypical. The

teacher's movement does not acknowledge the situation to be thus, but for it to come up with ideal successors is actually no easy matter.

The fact is that not only do leaders neglect the training of successors, but they frequently have a dread of successors, deeply fearing that the day will come when they themselves will be overthrown and disgraced. This is completely different from the "leaders are free to come and go" that frequently dangles from their mouths.

We believe that no one can condemn the leaders of Chinese organizations. So long as they pursue the interests of the community and the nation, people will cherish these "gems," because the experience that they have accumulated for many years is not something that new people can acquire overnight or match.

Therefore, some people suggest raising the retirement age to 60, and others call for the government to broaden the age limit for youths to 50 in order to avoid a waste of talent.

Certainly these suggestions have merit, but they also mercilessly highlight a weakness of Chinese society, namely the need to select a new generation of successors that will really face the myriad difficulties and proscriptitions.

It is also for this reason that although some social groups have set limits on the number of consecutive terms in office that leaders may serve, some people stage a comeback after they have vacated their positions for many years to occupy supreme leadership positions. There are also some social groups that sink into paralysis once their leaders retire.

In some other social organizations, the fights of one or two people involve the entire organization in a so-called "tempest in a tea cup." Then, when no one emerges to get control of the situation and move ahead, the whole body becomes involved in ever worsening quarrels and is unable to pull itself up by its own bootstraps.

Chinese organizations must pay close attention to successors. Not only should "the old lead the new," but both the older and the younger generations must also strive to work with each other and understand each other in their common endeavors. After all, social conditions differ, and the climate can change peoples expectations and goals. If the two generations do not have harmonious views and common concepts, even if no problem about having nobody to carry on does not appear, the new people may depart from the former orientation, fragmentation of a different kind occurring.

Therefore, to shout the slogan "train successors" is correct. Handovers should be the time for putting a mission into practice.

### **MCA Blames DAP for Lack of Voting Solidarity**

*91SE0158B Selangor SIN CHEW JIT POH in Chinese 15 Jan 91 p 8*

[Article: "Why Did the Chinese Not Support the Malaysian Chinese Association in the General Election? MCA Youth League Completes Review Report"]

[Text] (Seremban 14 Jan). MCA [Malaysian Chinese Association] Youth League Director General Datuk Chan Kong Choy said: The MCA has now completed the review report as to why the Chinese did not support the MCA in the 1990 general election.

This review report will be sent to the MCA Central Executive Committee for discussion, after which it will be formally presented to the MCA.

The MCA Central Executive Committee will hold a meeting in Ipoh on 19 and 20 January.

Regarding the review report, Datuk Chan Kong Choy refused to disclose details.

Datuk Chan spoke to the press last night following a 1,000 person banquet welcoming the new challenges of the 1990 sponsored by the MCA Youth League to which he had been invited.

### **Seventy Percent of Malay Electorate Voted in Support of the United Malaysian National Organization (UMNO)**

He said that in the 1990 general election, 70 percent of the Chinese electorate in Malaysia voted for an opposition party, but among the Malay electorate the overall situation was exactly the reverse, 70 percent of the Malay electorate voted for UMNO.

Referring to the Kelantan problem, Datuk Chan Kong Choy disclosed the following: The MCA Central Committee instructed the Kelantan Malaysian Chinese Federation to watch closely all the Islamic policies that the Kelantan Parti Islam SeMalaysia [PAS] government carried out.

At the present stage, the Kelantan MCA has presented a report on some of the latest developments to the MCA Central Committee. "The MCA is concerned about the development of the situation because the Islamic policies that the PAS government of Kelantan institutes may have a far reaching effect on non-Islamic society, particularly the Chinese."

### **Kelantan Political Developments Should Serve as a Mirror for the Future**

He said that the MCA hopes that Chinese in other provinces will regard Kelantan political developments as a mirror for future political orientation.

He pointed out that the Democratic Action Party [DAP] had not made clear to the Chinese the changes today in the Kelantan administration and political situation,

which was regrettable. The DAP has forgotten the assurances that Ling Kim Siong repeatedly gave before the general election in which he estimated that should the PAS be elected, it would not promote Islamic policies.

During the interview, Chan Kong Choy said that he welcomed Gerakan national chairman Datuk Seri Lim Keng Yaik's suggestion to declare war on the DAP.

He said that he would soon present to the MCA board of directors a joint recommendation that MCA and Gerakan jointly declare war on DAP.

"As allies of the UMNO, no problem exists in MCA and Gerakan coordinating a declaration of war on DAP."

Datuk Chan said that the two line political system that DAP advocated in the 1990 general election really hurt the Chinese, although the two line system cannot play any role at all in Malaysian society.

He said that DAP's so-called two line system could not be realized in the general election, but another two line political system took shape because an overwhelming majority of Malays support the government, but an overwhelming majority of Chinese support opposition parties.

"This situation is more marked in Penang where, although the DAP heads the Penang government, everyone is very much aware of the state of its political power today!"

DAP lost four seats and gained seven seats, but the four seats it lost were all in Chinese districts, while those it lost were all in Malay areas.

## ECONOMIC

### Government's Plans To Develop Financial Center

91SE0159A Selangor SIN CHEW JIT POH in Chinese  
12 Jan 91 p 25

[Article: "Financial Group Establishes Financial Futures Exchange. Domestic Financial and Economic Circles' Views Differ"]

[Text] (Kuala Lumpur 11 Jan) Domestic financial circles have expressed different opinions about the suggestion of several financial groups to establish a Kuala Lumpur options and financial futures exchange.

One futures broker welcomed this development, and hoped that the exchange could be established as quickly as possible, but a discounter felt that the establishment of this exchange was premature at this time.

Additionally, financial and economic circles views differ as to whether financial groups or the Kuala Lumpur Commodities Exchange should establish this exchange.

Ama Securities Bank executive director Datuk Mali Maliken [as translated] hoped that the financial groups

that recommended the establishment of this exchange would be able to provide more data to permit discussion among financial and economic circles.

Lenggong is one such financial group concerned. One of its personnel said that they are in the process of making a feasibility study. Lienchang Securities Bank, which is responsible for this 100,000 ringgit study, predicts that results will be made known in mid-year.

Maika [as translated] Futures Company broker and analyst, Balani [as translated] welcomes the financial groups' formation of this exchange as a concomitant to government's plans to develop Malaysia into a regional financial center.

He said that although the Kuala Lumpur Commodities Exchange was founded 10 years ago, and has considerable ability to bring forth new ideas, it is still not up to carrying out this task.

"Government has given it sufficient time, but because of the lack of competition, it has changed but little. In comparison with Singapore, the Singapore financial exchange has developed palm oil, currency, stock share index, gold, and coffee futures."

He called upon financial and economic circles to support establishment of a Kuala Lumpur futures options and financial futures exchange. No matter what happens, the country is unable to support two futures exchanges, therefore one of them will have to be gradually eliminated.

He suggested transferring palm oil futures from the Kuala Lumpur Commodities Exchange to the proposed Kuala Lumpur options and financial futures exchange, inasmuch as trading in the former is currently most active. "Later on, the Kuala Lumpur Commodities Exchange may be reorganized or closed. Such a precedent exists in the United States."

A person from a discounting house believes, however, that the establishment of a financial futures exchange in Malaysia today is premature because the country's financial markets have not yet developed sufficiently. Although the Kuala Lumpur Commodities Exchange has had sufficient time to develop, it has not seized the opportunity.

He said that Malaysia must introduce new financial trading to make financial markets develop. However, the introduction now of index futures, foreign exchange trading futures, or interest rate futures may be premature.

As regards who should be able to establish the relevant trading, Datuk Mali said, "Possibly the authorities should call both parties together and ask them to make recommendations before making a decision."

"I personally believe that the Kuala Lumpur Commodities Exchange should get approval for the financial



futures trading that it suggested, because it already has the basic facilities in being."

He also noted that another problem is the survivability of a new exchange. "Even the Kuala Lumpur Commodities Exchange had to go through various difficulties during the 10 years of its founding." He added that in 1985 the Kuala Lumpur Commodities Exchange had problems with breaches of contract for palm oil futures, and that it must be reorganized.

He did not approve of having two futures exchanges, and he suggested that the public should discuss the establishment of an options and financial futures exchange.

In regard to this issue, a person from Lenggong Securities Bank noted that "Unexpectedly the International Monetary Fund's study showed that the Kuala Lumpur Commodities Exchange lacked the capability, so we decided to make a judgment ourselves."

In August 1990, the IMF provided a report to the Central Bank, the most important point in which was that the establishment of financial futures trading at the present time required very great care. Malaysia's commodities exchange official, Ismail Amo [as translated] said at an international conference sponsored by the Kuala Lumpur Commodities Exchange in November 1990 that the IMF report clearly showed that Malaysia still lacks the capability to establish a financial futures exchange.

### **Congress Proposes Bill for Special Training**

*91SE0123C Manila DIYARYO FILIPINO in Tagalog  
1 Feb 91 p 2*

[Text] Yesterday, Congress proposed a bill that would permit the Armed Forces of the Philippines (AFP) to organize and train special forces composed of communist rebels, leftists, and criminals.

According to Representative Mario Serra-Ty, author of the bill, the current crisis will push the members of the New People's Army (NPA) and of the RAM to intensify their struggle.

Based on this proposal, the AFP will be given a chance to train them (i.e., the NPA, RAM, criminals, etc.) in order to show them that there are many other ways of helping the public.

Ty mentioned the success of Colonel James Conning, head of the guerrillas in the Cebu area commanding in World War II, who trained a special combat unit to fight against the Japanese Imperial Army.

Thus, people who were formerly idle were trained to become involved in military operations during the war.

According to Ty, the enactment of this bill will lead to the decline of the insurrection and of criminal activity.

He further stated that training them will also help the AFP to stop forces that want to overthrow the government; it will also improve self-discipline, and create public trust and confidence.

### **Five Moro Islamic Front Leaders Surrender**

*91SE0123A Manila DIYARYO FILIPINO in Tagalog  
28 Jan 91 pp 1-2*

[Text] Over 500 members of the Moro Islamic Liberation Front (MILF), obeying the instructions of their five commanders, have surrendered to the government.

The Muslim separatists surrendered to the local government in Munai, Lanao del Norte, through the mediating efforts of Senator Aquilino Pimentel.

According to Pimentel, Commanders Jill Mapandi, Camilo Domino, Faumay Mercado, Naistro Sulta, and Humawig Andapatan initiated the surrender.

According to the Senator, only 200 MILF's originally planned to surrender. However, Governor Francisco Abalos of Lanao del Norte and Mayor Danny Alindog of Manai persuaded the other groups to surrender.

The MILF's dissociated themselves from the leadership group of the Moro National Liberation Front (MNLF) of Nur Misuari during the early part of the 1980's, when all the members of the MILF were fundamentalists.

"This is a good signal, to our fellow brother Muslims, that they should realize, deep in their hearts, that it is high time not to be opposed to the government any more," Pimentel added.

However, he severely criticized the military for delaying the actual surrender of the rebels because of their (i.e., the military's) unpreparedness.

Pimentel blamed General Antonio Nale, commandant of the Task Force "Diamond," who was, at one time, implicated in illegal logging in the province, for the delay in the rebels' surrender negotiations.

Pimentel ordered the military to immediately prepare the surrender documents and to pay compensation for the weapons to be confiscated.

The government is to pay for the weapons of the surrendering rebels, as stipulated in the "Returned Weapons Program." Under the auspices of this program, those who surrender are also given jobs in order to prevent them from reverting back to their armed insurgency.

Initially, the Senator also emphasized in Mindanao that there is no longer any need for an armed struggle, since the national central government has already responded to the religious needs of the rebels.

For seventeen years, Munai has been known as the "Island of No Return" because the Muslim rebels have used it as their home-base (nest) in their struggle to carve out a separate republic of Mindanao.

### **Police Raid Possible Rebels' Communication Center**

*91SE0123D Manila DIYARYO FILIPINO in Tagalog 1  
Feb 91 p 8*

[Text] Members of the Western Police District (WPD) raided a house believed to be the home base of the pushers, and to be the rebels' communication center in Sampaloc, Manila, two nights ago.

When the police raided the house of Manuel Silao, 31, of 921 Adelina Street, Sampaloc, they captured Edgardo Cacal, 31; Jimmy Saliao; Ramon Moreno, 34; Alberto Bagay, 42; Frederick Porres, 25; Amante Cuanang, 37; Constante Adero, 37; Carlos Lapuz, 41; Arturo Adonis, 43; and Marion Andres, 26.

Confiscated from the suspects were half a gram of shabu, an M-16 rifle, two .38-caliber revolvers, a handgrenade, two believed-to-be-stolen Toyotas with license plates CED-416 and NGV-239, ID cards of the Philippine Army (PA), of the Narcotics Command, and of the Philippine Constabulary Operations Group at Southern Police District (SPD), and a radio communications set.

Silao denied the accusation that his house is the rebels' communication center.

He also stated that the radio communications set confiscated by the police is licensed by the National Telecommunications Commission (NTC).

### **Possible Harassment in Cebu Area by NPA Reported**

*91SE0157A Cebu City SUN STAR in English 5 Feb 91 pp 4, 15*

[Article by Gem A. Carreros]

[Text] Fifty to 90 percent of the residents of five hinterland barangays in the municipality of Asturias, Cebu, have fled their homes since last week due to alleged harassments by the New People's Army (NPA).

The report was confirmed yesterday by retired Brig Gen Jesus Hermosa, provincial peace and order consultant, after he received a radio message from Lt Col George Alino, Philippine National Police (PNP) provincial director based in Toledo city.

Hermosa, who is also the chairman of the provincial task force on freedom, public order and safety, identified the affected barangays as Lanao, Baye, Bairan, Agbanga, and Banban. Asturias is located 71 kilometers northwest of Cebu city.

The barangays were identified as Lanao, Baye, Bairan and Agbanga, where 90 percent of the total population have fled, and Banban, where about 50 percent have reportedly moved out.

It was not clear what kind of alleged "harassments" was being committed. Hermosa said he will have to find out exactly what had scared residents.

Asturias is 71 kilometers northwest of Cebu city. It is among seven target towns identified by Capitol officials as the focus of Communist insurgency in Cebu province.

The military report said evacuees have moved to safer areas in the coastal barangays of Asturias.

Among the evacuees was the barangay captain of Lanao, who has gone to Mindanao, according to another radio message sent to Camp Sergio Osmena, Cebu city.

It said residents fleeing Barangay Banban have also settled in Bohol.

### **Cancelled Classes**

Classes on the elementary level were all closed in the affected areas.

The abandoned barangays are located along the hinterland boundary of Carmen town and Danao city.

Hermosa said he would contact Asturias Mayor Wilfredo Toong as soon as possible to find out what the Provincial Government could do to address the problem.

The consultant said PNP elements are going after the Communist rebels and coordinating with relief agencies in taking care of the evacuees.

The total number of affected families was not given.

Hermosa said Communist rebels were apparently taking advantage of the crisis spawned by the Gulf War.

Last week, Lt Col Alino ordered all municipal police stations to patrol their areas closely to check robberies by Communist bandits.

The order came after armed men held up a businessman and robbed him of P17,000 in Barangay Habguaya last Jan. 22 in Tuburan, a town adjacent to Asturias.

The holduppers were armed with M-14 Armalite rifles and wore fatigue uniforms, a common disguise used by insurgents.

The evacuation in Asturias was first reported in a meeting of the Peace and Order Council (PPOC) in Toledo city the other day called Balamban Mayor Alex Bingham.

Bingham said some 300 families have fled to his town, which is adjacent to Asturias. The Balamban mayor said the evacuees left their homes for fear of being killed by armed men.

His report was confirmed in the meeting by Asturias Vice Mayor Alberto Eralas.

Eralas and the municipal police chief of Asturias said that because of the NPA threat, Asturias needs a police jeep and handheld radio sets.

Lt Col Alino also confirmed that Asturias, Tuburan and Balamban were threatened by NPA elements operating in the mid-north.

The PPOC meeting was presided by PB [expansion unknown] Member Gregorio Sanchez Jr., chairman of the PB committee on public order and safety.

The area conference was attended by barangays captains from Toledo city, five municipal mayors and police chiefs.

### **More Church Involvement in Society Needed**

*91SE0123B Manila DIYARYO FILIPINO in Tagalog 1 Feb 91 p 2*

[Text] "The whole-hearted involvement of the Church in Philippine society must be made perfectly manifest and must be re-invigorated."

This was the central theme discussed at the Second Plenary Council of the Philippines which was held to define the role of the Church in the people's daily lives and in the livelihood of the nation in the years to come.

A report to the Council stated that since there have been no (significant) changes in an (unjust) society (in fact, the

situation has gotten worse), it is therefore imperative that the Church immediately evaluate the achievements of the past, and what is being done in the current situation, and (boldly) confront what the nation must do in the year to come, namely, 1992.

The report indicated that it is important to look back at the "dark chapter" of the Marcos regime, at which time the position of the Church was, namely, to conspire against the powerful authoritarianism of the administration. In its intense opposition against corruption, irresponsibility, and domination by the dictatorship, the Church did not shrink from its profound objective of "bringing back democracy"—one sign of this is the well-known EDSA [Epifanio de los Santos] Revolution in 1986.

After the Revolution, the Church hierarchy was disappointed in its expectations of change through the new administration. Problems became more complex; there was a great need to discuss civil rights, violence, and the brutalities being perpetrated in the country, as well as the abuses committed by the military and the police.

The report also mentioned that now more than ever, the Church should undertake a joint venture of "saving souls" and of lending a helping hand to the living, especially to the poor and the weak. This is a condition for humane treatment of human beings, and a first step in the change in philosophical attitudes toward civil marriage, belief and faith in God, attitudes that serve as the guiding light of the Second Vatican Council and of Liberation Theology.

The report further declared that the Church cannot forfeit its role of being "prophetic" and of being a shelter, a caretaker of honor and dignity, and a supporter of change.

On the other hand, the report also severely criticized those political parties who are believed to have absolutely nothing to offer towards lessening the pain and suffering and problems of the people. The Plenary Council also opposes all organizations that continue to perpetuate the status quo.

In addition, the report stated that society must truly change.

Reacting to the current stand of the Church on the dire plight of the Philippines, a newspaper posed the following questions:

Since the political system has been rendered useless, and since there is a widespread demand for social equality, must the Church intervene to a greater extent in politics, or must it reject political involvement?

In a very grave and agitated situation, should the Church be the mediator?

It can be said that one of the world's oldest institutions (i.e., the Church) will be very valuable in playing a supporting role in promoting faith, trust, and confidence, and in being the guiding light in resolving the present social crisis.

## POLITICAL

**Professor Tran Van Ha Discusses Party Documents**

912E0126A Hanoi DAI DOAN KET in Vietnamese  
18-24 Dec 90 p 2

[Article by Professor Tran Van Ha: "Concerning the Draft 'Program To Enrich the People and Strengthen the Nation and Some Urgent Tasks'"]

[Text] 1. The title should be changed to "Program To Enrich the People and Strengthen the Nation During the Period of Transition."

"Transition" here has two meanings: the transition to a prosperous, happy industrial society, and the transition to true socialism (humanitarianism, freedom, democracy, happiness, and social justice.) The absolute majority of the more than 60 million compatriots in Vietnam and 2 million overseas are patriotic and want to enable the people to become rich and the nation strong. But the absolute majority do not accept the bureaucratic, commandistic, undemocratic kind of socialism that gives too many special privileges to party members, to the so-called "core cadre" component. We have more than 2 million party members, only about 20 percent of whom are vanguard, exemplary, and have the confidence of the masses. Therefore, under the conditions of changes and upheavals in the socialist countries at present, it is not yet possible to regard patriotism and socialism as being the same.

The presentation of the Vietnam Communist Party's Program To Enrich the People and Strengthen the Nation both increases the prestige of the renovated CPV [Communist Party of Vietnam] and helps win the support of all our compatriots in Vietnam and abroad and of all countries with which we want to expand relations.

2. Marxism-Leninism and the thought of Ho Chi Minh are the foundation. The Program states, "The Party makes Marxism-Leninism, the ideology of the working class, its ideological foundation, and inherits and develops the ideological values, virtue, and style of Ho Chi Minh." Many people have posed questions to a number of people in positions of authority and are regarded as knowledgeable, and have noted that they were confused and gave different answers: What is the ideology of the working class? Of the world in the time of Marx or of the world today? What are the special characteristics of the Vietnamese working class at present? What are the contents of that ideology? Why does it not say, "The Party makes Marxism-Leninism and the thought of Ho Chi Minh its foundation," but only says it inherits and develops the ideological values of Ho Chi Minh?

It should state that "The Vietnamese revolution continues to advance on the basis of Marxism-Leninism and the thought of Ho Chi Minh, and makes the thought of Ho Chi Minh and the virtue and style of Ho Chi Minh

the standards for building the new man, a man who bears the fine traditions of the nation and continually strives for modernity."

3. Building a solidarity bloc. During the victorious resistance wars against France and the United States there was a major experience lesson: building a solidarity bloc of the entire population and international solidarity. But since 1975, because many mistakes have been made, as was confirmed in the resolution of the Sixth Party Congress and in many succeeding resolutions, we have learned a new lesson that is negative and rather painful, that has caused the solidarity bloc of all the people and international solidarity to develop many cracks. The loss of solidarity among the people, even with our compatriots abroad, and the loss of solidarity within the Party, and between the Party and the people, has been due to a lack of truthfulness and a lack of fidelity, words not being accompanied by action, and failure to guarantee the rightful and legitimate interests of all strata of people and of the ethnic groups—especially the ethnic minority groups in the distant, remote mountain areas, who have achieved much merit toward the revolution—and the religious groups, the lack of democracy, giving special privileges to one group of people, and not guaranteeing social justice. When one clearly realizes the mistakes, one also clearly realizes the corrective course and measures to rebuild the solidarity bloc of the entire population and the entire party. A very important matter is "reliable words and self-supervision" (speak frankly, be devoted to the people and the nation, maintain reliability, and in actions respect others and supervise one's own work.)

4. Renovate cadre organization. The Sixth Party Congress confirmed that that is the principal factor. But during the past four years that has been our weakest link, the link that has been renovated least. I recommend that the following be added to the last part of the Program and to the economic-social strategy:

—All special benefits of cadres, party members, and their children are henceforth eliminated. All citizens are equal before the law, in selection for admission to schools, in travel abroad, and in obtaining positions in the state apparatus. The principal standards are virtue and talent.

—After 1995, nearly all leadership cadres at the district and provincial levels on up, from the enterprise directors up to the heads of general corporations, departments, ministries, or equivalent organizations, must have advanced school or higher degrees and must have received basic and advanced training in jurisprudence or in state or economic management, depending on their function and responsibility.

The redundant organizations in the system of state apparatus will be eliminated and the staffs of the party and government apparatus will be reduced by more than

50 percent, accompanied by salary increases so that the cadres, workers, and civil servants can make living wages.

—Students attending school, cadres filling positions, workers, and the people in mass organizations will be educated and trained systematically in the thought, virtue, and style of Ho Chi Minh. The thought, virtue, and style of Ho Chi Minh will be the principal standards for regular annual purging of the party and state apparatus between now and the year 2000, in the enterprise of building the new man and a new, civilized, and happy society.

### Comments on Party Leadership

912E0124A Hanoi NHAN DAN in Vietnamese 2 Feb 91  
p 3

[Article by Hoang Huy Chau: "On the Party's Leadership"]

[Text] Recently, in a ward in Hanoi, elders in the Fatherland Front were invited to participate in contributing opinions on the draft documents of the Party Congress. Recapitulating their opinions, Nguyen Huu Khieu, chairman of the ward Fatherland Front Committee, reported:

Many of the participants believe that it is necessary to have the Communist Party and socialism. But the Party must be pure, love the people, and be close to them. The people must venerate the position and role of the Party. What is socialism? It must be explained to the people, for at present many of them do not know what the socialist model is. If we are to advance to socialism, the people must be strengthened and attention must be paid to the salaries of workers and civil servants. "Only when there is food can virtue be nourished." Corruption must be opposed resolutely. There must be a mechanism for using people in the state organs. If the present situation continues, it will be difficult to have socialism.

Upon hearing an old man more than 80 years old who has been active in the Party more than 40 years and who was recently awarded the "For the Solidarity of All the People" badge for decades of Front work at the local level, say those heart-felt words, everyone must think!

I remember the teaching of Uncle Ho: "The Party cannot demand that the Front acknowledge its leadership but must prove to be one of the most loyal, active, and honest components. Only in daily struggle and work, when the broad masses acknowledge the correct policies and leadership ability of the Party, can the Party attain the status of leadership." (Collected Works, Vol. 3, p. 115.)

I have not yet read the draft reports on the party-building task and the amended party Statutes that will be presented to the Congress. But as the Draft Program points out, to ensure the Party's leadership "It is necessary to oppose two major dangers: mistakes regarding lines and

the disease of bureaucratism and remoteness from the people." I fear we have not yet done enough in this regard. The Party's lines have essentially been correct and all the resolutions have been good, but problems have been encountered continually in organization, implementation, and with regard to those doing the implementing. Therefore, the lines are correct but the harm done by people who make mistakes has become even greater. No one can deny the good and beauty of socialism. But the enemies of socialism in Eastern Europe only needed to point to mistakes in the activities and lives of the rulers, i.e. the people who implemented socialism in those countries, and incite the masses to arise to overthrow the leadership organs which dishonored socialism.

The quality of party members determines the quality of the Party. At present, the situation of declining quality has become very serious among increasingly greater numbers of cadres and party members and is causing the masses to have less confidence in the Party and socialism.

All party congresses have passed resolutions calling for the dismissal of people who are opportunists, exploiters, black marketers, and speculators, and people who are corrupt, bribe, and bully the masses, from the Party as soon as possible, and calling for absolute opposition to corruption and special interests. (Political reports of the fifth and sixth party congresses.) But the situation has become increasingly serious. Resolutions of the VCP Central Committee (June 1988) observed that "The working class and vanguard nature of the Party has been weakened, many fine traditions of the Party have been forgotten, and the Party has been seriously wounded."

In his work "Under the Glorious Banner of the Party," comrade Le Duan wrote, "At present, a party chapter cannot be considered good if its production is not good, if its labor productivity does not increase, if the democratic rights of the masses are limited, obligations toward the state are not fulfilled, and the lives of the masses are not stabilized and gradually improved in all regards." (p. 141.) Of the tens of thousands of party chapters in the nation (there are 15,000 party chapters in Hanoi alone), how many have attained the above-mentioned standards for being regarded as "a good party chapter"?

The situation of corruption, black marketing, and law violations among cadres and party members has become widespread, serious, and prolonged. The imposition of discipline is very necessary. However, the party committee echelons themselves, from top to bottom, include cadres and party members who are under their management but violate discipline. Should they accept responsibility?

In many countries, if only one minister is implicated in corruption the entire cabinet is shaken.

The poem "Midnight" in Uncle Ho's "Prison Diary" includes the following passage:  
When sleeping, everyone appears gentle.

Only when they awaken can we distinguish between the good people and the bad people.  
Goodness and badness are not inherent qualities.  
But are largely due to education.

From the poem, we can see that he was very concerned with the education of cadres and party members. During the 1947 fall-winter season, even while the enemy were attacking Viet Bac and had parachuted near the central headquarters, Uncle Ho continued to concentrate his intellect on writing the book *Rectifying Work Styles*. He said, "If party members want to reform society but do not reform themselves or raise their levels, that will not do." (Vol. 2, p. 70.)

The historic responsibility of a ruling party toward the working class and the nation is very glorious but also very difficult. Our party very much wants our ranks to be pure and endeavors to eliminate the infected boils in the party. But is it not true that we still have not correctly diagnosed the cause of the disease and cured it completely, or is it that the doctor has not yet begun to work intensely?

Uncle Ho said, "The party is not an organization to serve as a rich mandarin." (Vol. 4, p. 468.) But over a long period of time the mechanism has resulted in the situation of the foremost criterion for appointing anyone to a position, high or low, is whether or not the person is a party member. In the past, that policy was correct, for party members were people who had been forged and challenged in arduous struggle. But if we continue to do so now, the unavoidable result will be to encourage people to "struggle" by means of a party membership card. There is nothing new about that. After the October Revolution, Lenin warned of the peril of adulterating the ranks of the party: "Once the Party is an open party by joining which one can have authority, then the appeal of participating in a ruling party is very great." (Collected Works, Su That Publishing House, Hanoi, Vol. 30, p. 618 and Vol. 33, p. 378.)

Let us examine the structure of the party membership at present. More than 85 percent were admitted after the North was liberated (July 1954) and of that number half were admitted after the liberation of the South in 1975, so the significance of Lenin's warning has become increasingly clear. Of course, most party members joined the Party out of very pure motives and they have truly strengthened it. But a considerable number have sneaked into the Party not only for the individual honor (in the past, even that was the object of criticism), but especially to obtain authority and emoluments.

Uncle Ho said, "So long as there still is a Vietnamese who is exploited or impoverished, the Party is still sorrowful, for it believes that is so because it has not fulfilled its duty." (Vol. 8, p. 587.) But there are many people in the Party who, under the guise of party membership, use the money of the people and the state to live a life of pleasure and luxury, in the midst of many people who are impoverished and unemployed.

Some people believe that during the present campaign to purify the Party, it is necessary to emphasize the reorganization of the Party in places where the party membership is too weak and quality is below that of the ordinary masses, especially in places where the party organization has become one monopolized by factions made up of neighbors and relatives, or in places dominated by degenerates.

Our party, which Uncle Ho founded and molded, has led our nation and our people to independence, unity, democracy, freedom, and pride on an equal level to other nations. That is because the Party has correct lines, most of the party members are sacrificing and courageous, and especially because the Party is closely bound to the people, which creates peerless strength.

When we look at the East European countries at present, it is even more important to regard the purification and renovation of party organization, along with consolidating and strengthening all relationships between the people and the party, and strengthening the popular solidarity front with the alliance of workers, peasants, and intellectuals, which serves as the foundation, and led by the working class, as a task which must be carried out before everything else and must be carried out immediately.

## MILITARY

### Proposed Changes in Military Law Discussed

912E0123A Hanoi QUAN DOI NHAN DAN  
in Vietnamese 19 Dec 90 pp 1, 4

[Article by Nguyen Tai, vice chairman of the Judiciary Committee, National Assembly]

#### [Text] On the Draft Law To Revise and Supplement a Number of Articles of the Military Draft Law

The Council of Ministers has proposed revising 10 of the 73 articles in the current Military Draft Law, that is, articles 14, 21, 29, 32, 38, 39, 40, 53, 54, and 55. And so that this law is in accord with the stipulations of the Criminal Code, it has proposed abolishing articles 69, 70, and 71 and replacing them with a new article.

In general, our committee agrees with the contents of the revised articles mentioned above. Below, I would like to clarify a number of matters:

1. On the length of active-duty service of non-commissioned officers [NCOs] and privates:

The Judiciary Committee agrees with the report of the Council of Ministers on reducing the length of service of a number of NCOs and privates by one year and abolishing the separate stipulations on NCOs and privates with college or higher school qualifications and NCOs and privates from a number of ethnic minority groups.

However, in surveying the views of localities and military units and people at conferences on these two draft laws, people have said that the length of service of NCOs and privates should be set at 18 months, and some have even said that the period should be just one year.

We feel that reducing the period of active duty to one year or 18 months will solve many problems. This will, for example, quickly increase the number of youths who serve on active duty, contribute to ensuring equality among citizens, and build large military reserve forces. Because soldiers will serve on active duty for just one year or 18 months, NCOs and privates will no longer have to request annual furloughs. This will greatly reduce budget expenses for this. However, the conditions necessary for training soldiers cannot be satisfied if the period of active duty is too short. This is something that must be examined in the future when it becomes possible to implement this.

2. On the responsibilities of the various-echelon people's committees and military units in guiding and carrying on recruiting activities (Article 21) and discharging NCOs and privates who have completed their period of active duty (Article 32 of the current law):

Our committee feels that it is essential to revise Section 4 of Article 21 of this law in order to increase the responsibility of the various echelon authorities. Furthermore, stipulations on the responsibilities of the military units must be added to this law, and there must be greater coordination between the military units and the various echelon people's committees in recruiting soldiers every year in order to ensure that this work achieves good results.

On the other hand, the present law does not stipulate the responsibilities of the military units in returning discharged soldiers to their localities or the responsibilities of the local authorities in receiving soldiers who have fulfilled their military obligation and returned home. This problem is related to many spheres such as managing discharged soldiers and registering and managing reserve forces. Thus, the above stipulations should be added to Article 32.

3. On targets given deferments during peacetime (Article 29 of the current law):

We agree with the Council of Ministers on expanding the categories of people deferred during peacetime and the reasons cited in the report. We would like to clarify things concerning a number of targets:

a. As for people who are attending vocational schools, vocational middle schools, higher schools, and colleges, in conditions in which there is now a multi-faceted economy and many schools have been opened, the relationship between the training and the needs of society has not been given the proper amount of attention. In this situation, if it is simply stipulated, as the present law does, that all students at these schools are deferred, the number of deferments will increase. This

will lead to inequality and create loopholes that will give rise to negative social phenomena. Thus, the draft law proposes granting deferments only to students who have been enrolled in school in accord with the training norms and plans of the state. This is in accord with the present situation in our country.

b. As for people who are now working at assault youth units, in the process of formulating a draft law, some people have proposed conducting studies to determine functions, tasks, and measures regarding assault youths so that this law can stipulate that all assault youths are to be deferred.

4. On the rights of NCOs and privates on active duty (Article 53 of the present law):

During the discussions, almost everyone agreed that the stipulated standard of living has not been maintained for the troops so that they can train, work, and be prepared for combat. Many people said that the law should be more specific. The Judicial Committee does not feel that the law can contain concrete stipulations. But it has proposed that the Council of Ministers have the National Assembly review the Draft Decree of the Council of Ministers to concretize this matter so that when the National Assembly votes, it will approve the specific contents of the law and so that after this law goes into effect, it can be implemented immediately on a broad scale.

#### **On the Draft Law To Revise and Supplement a Number of Articles of the Law on VPA Officers**

Of the 45 articles of the Law on VPA Officers, the Council of Ministers has proposed revising and supplementing six of the articles, that is, articles 7, 9, 12, 32, 33, and 39.

In general, our committee agrees with the contents of the proposed changes. We would like to present the following ideas in order to clarify a number of matters:

1. On wages and allowances paid to officers (Article 39 of the present law):

The Judicial Committee agrees with the contents of the Draft, which adds a number of guiding points aimed at creating a basis for the Council of Ministers to issue concrete stipulations on the wage and allowance system for officers. During the debate by the Judicial Committee and in obtaining the ideas of the localities and military units, some people have said that the wage levels of officers must be specified very specifically in this law. We feel that a document should be proposed under the law. We have proposed that the Council of Ministers draft a document under the law and submit it to the National Assembly for study when making a decision on this article.

2. As for procedures and policies regarding officers and their families, many localities and military units have proposed drafting a document to have specific stipulations on Article 41 of the present law in order to have a



basis for implementing this. Our committee feels that the ideas presented are correct and necessary. The National Assembly should bring this and the other matters mentioned above to the attention of the Council of Ministers.

#### **A Number of Problems Related to Both Draft Laws**

In preparing for the review of these two draft laws, there are a number of problems about which the authorities and people and the cadres and soldiers in the military are very concerned. These problems have been vigorously debated.

1. The way that the party, the state, and society pose questions about the role and position of the people's army in the present international and domestic situation and in the future must be unified. Among these are the issues of the role and position of officers with respect to building and consolidating the army in order to satisfy the demands of the situation and fulfill the task of defending the fatherland.

On the macrocosmic level, a pressing requirement is to promulgate suitable procedures and policies in order to put the minds of the cadres and soldiers at ease so that, with one mind, they can help preserve the independence and sovereignty of the country.

2. Ensuring social equality in carrying out military obligations:

Ensuring social equality is a major demand of society. This is not seen only in the stipulations of these two laws. This is also a problem posed for all of the stipulations concerning the state's economic and social policies.

Within the scope of these two laws, society demands that there be equality with respect to rights and obligations between citizens serving in the military and those who are not in the military.

Raising this issue is proper. But solving this problem will not be easy. We feel that the stipulations in the draft laws must ensure equality with respect to the rights and obligations of all citizens. But the question is, When localities implement the laws, do they implement them correctly?

#### **Self-Defense Forces in Mekong Delta Provinces**

912E0123B Hanoi *QUAN DOI NHAN DAN*  
in Vietnamese 20 Dec 90 p 2

[Article by Luu Thang]

[Text] Recently, Military Region 9 hosted a joint conference of people's committees, public security forces, and military headquarters in the Mekong Delta provinces to evaluate three matters: Two years of building coastal militia and self-defense forces; the recall of discharged soldiers and management of weapons and equipment; and recruitment of youths in 1990.

Since the conference in April 1989, the administrative committee echelons in the coastal provinces and units in the military region (27 districts and cities and 105 villages and subwards in 6 provinces) have conducted studies and formulated plans to build up the coastal forces. A number of notable results have been achieved.

Attention has been given to investing in building and developing the coastal economy and to carrying on economic and national defense projects and improving the terrain. To date, 1.09 percent of the population are members of the military region's coastal militia and self-defense forces. Many places have developed well. For example, Go Cong Dong, Binh Dai, Long Phu, Ngoc Hien, Kien Hai, Phu Quoc, the naval groups and flotillas of Hau Giang, Kien Giang, and Minh Hai have built self-defense forces and begun carrying on effective activities.

The military region has organized 11 companies, 169 platoons, and 603 squads of coastal militia and self-defense forces and two platoons and 27 squads of branch [binh chung] militia and self-defense forces. As for quality, 6.27 percent are party members and 19.3 percent are youth union members. Almost all of the village and subward military unit leaders are party members. All 105 of the village and subward secretaries are serving as village and subward military unit political officers. All 27 districts and cities have formed party affairs committees and military party committees. All six of the provinces have implemented the new defense mechanism. These forces have coordinated things with the public security and border defense forces to defend the coastal areas and islands. They have seized 108 boats and arrested 1,373 foreigners who illegally entered Vietnam's territorial waters. Altogether, 83.82 percent of those leaving by sea and 94.44 percent of those involved in illicit departures by sea have been arrested and tried.

However, a number of units do not thoroughly understand the tasks and have not invested the proper amount in the projects. In developing the militia and self-defense forces, some places have not fulfilled the requirements. There is a lack of close cooperation between the armed forces. Control of the coastal areas and islands is loose. In a number of places, political security continues to undergo complex changes. Many people have made suggestions to the military region, the Ministry of National Defense, and the Council of Ministers. They have, for example, requested that company-grade officers be sent to serve as village military unit leaders, particularly in the key villages. The Ministry of National Defense must unify the military uniforms, helmets, and insignias for the militia and self-defense forces (the localities are responsible for expenditures and budgets). Expenditures for training and equipment for these forces must be increased appropriately. The Council of Ministers must soon guide the ministries and sectors in revising and promulgating regulations on joint operations at sea. At the same time, there must be training based on each sector's system concerning implementing the new mechanism during defense maneuvers. A

number of social policies having to do with the militia and self-defense forces must continue to be renovated.

### Article Reviews Self-Defense Tasks

912E0123C Hanoi QUAN DOI NHAN DAN  
in Vietnamese 20 Dec 90 p 2

[Article by Phuc Nguyen]

[Text] In 1990, leading and guiding the building of the militia and self-defense forces has had many advantages, because Directive 55 of the Secretariat and Decree 29 of the Council of Ministers have begun to be implemented. Even when these two documents were still in the draft stage, many committee echelons, local authorities, and sectors made advances, organized seminars to provide a thorough understanding of these documents, and guided the implementation of these documents at the primary level. During this last year, all the military regions, naval commands, 43 of the 44 provinces, municipalities, and special zones, and many sectors at the central echelon carried on things widely and studied the basic contents of these two important documents. Based on that, they formulated resolutions at their own echelon on national defense in general and the construction of militia and self-defense forces in particular. Many places thoroughly understand the village and subward military cadres and have organized training for the militia and self-defense forces, youths, and people. However, changes are, in general, still slow and uneven. There is a lack of synchronization, and movement at the primary level has just begun.

### The Policies of the Party and State Have Not Filtered Down to the People

This last year, people's understanding of the directives, decrees, and resolutions of the party and state on militia and self-defense work was strengthened in the military regions, provinces, municipalities, wards, districts, and cities. Many places organized seminars on military affairs for civilian sectors, the party, and mass organizations. But today, the policies of the party and state have not filtered down to the people. Many party chapters at the primary level have not given attention to leading the national defense tasks. Cadres, party members, youth union members, militia and self-defense forces, and people in many places have not studied the directive of the Secretariat or the Militia and Self-Defense Statute. That is the reason for the lack of movement at the primary level. Many provincial military cadres have acknowledged that in 1990 it seemed as if policies on militia and self-defense affairs sent to the wards and districts were "blocked." Directives, resolutions, and statutes were issued to the villages and subwards, but things were not organized to enable the people to gain a thorough understanding. One reason for this was that the problems concerning living conditions, work, fields, credit, and so on in many places "blocked out" the national defense and security problems. Thus, the main reason was understanding. The committee echelons,

village and subward authorities, and production installations have not correctly evaluated the position and role of the militia and self-defense forces at this time. In places where security and order is a problem, people have thought about consolidating the militia and self-defense forces, but they have carried out civil defense functions. A relatively powerful change is that the border and coastal villages need forces to oppose infiltration and border crossings. What is most difficult is that at the state-operated production installations, there is a serious imbalance between economic tasks and national defense and security tasks. There is a lack of work, production is slow, and the militia and self-defense forces have "automatically" dispersed.

There must be a broad movement among the people to follow, disseminate, and thoroughly understand the directives and decrees of the party and state on militia and self-defense work so that each cadre, party member, and citizen at the primary level can gain a deeper understanding and take more responsibility for national defense work. Until the bases have changed their understanding, we won't have bases to wait for the changes in action.

### Refinement Is Necessary, But Things Must Not Be Reduced Too Much

During the past two years, localities and sectors nationwide have reorganized the militia and self-defense forces. They have focused on quality and reduced the number of forces. The scale of the organizations has been made more suitable, and the platoon level has been popularized. That is the right direction. But in reality, a number of localities have "gone overboard" in reducing the size of the forces, with the militia and self-defense forces accounting for only 1-2 percent of the population. The "right" size of the forces must be determined based on the situation and tasks of each locality and base. But the situation in which national defense tasks at bases are contracted to a few people must be avoided. A large delta village cannot maintain just one militia squad. At the very least, each hamlet must have one core squad and forces that can be assembled when necessary.

A number of localities have had a tendency to professionalize the militia and self-defense forces, and a number of places are still organizing militia and self-defense forces based on the economic capabilities of the locality, that is, the size depends on the economic capabilities. The main task of the militia and self-defense forces is to maintain order in the hamlets and protect the crops, property, and fields. To support themselves, the militia forces are also doing agricultural and water conservancy work. In the cities, some places have organized things for the militia and self-defense forces to look after bicycles, protect the markets, and even clean the markets. Should this be continued? As compared with the Militia and Self-Defense Statutes, organizational methods and activities have been changed very little. Creativity at the primary level is necessary, but this creativity must be properly oriented, and the principles

must be adhered to. Naturally, there are many special characteristics in building militia and self-defense forces in peacetime, but there must be suitable solutions to enable these forces to carry out their task of protecting the party, authorities, and people at the bases without abandoning production. In organizing the activities of the militia and self-defense forces, the all-people's national defense viewpoint of the party must be manifested.

#### **Militia and Self-Defense or Civil Defense?**

This is not the first time that this question has been posed, but to date, when official documents have stipulated the tasks and functions, organization, and powers of the militia and self-defense forces (unfortunately these have not been widely disseminated), a number of committee echelons have not made a distinction between militia and self-defense and civil defense. Some people have even suggested abolishing the militia and self-defense forces and organizing civil defense forces. There are two reasons for the confusion about the functions and tasks of these two forces. But in a situation in which security and order at the bases is a vital issue today, the civil defense forces are needed more. Whether desired or not, the activities of the civil defense forces are more practical with respect to the lives of the families in the hamlets and streets. Thus, the problem is, the activities of the militia and self-defense forces must be practical and effective. Only if these forces have such activities will they be able to survive and have a reason for existing. We posed the question of why a number of localities in Military Region 2, specifically in Hoang Lien Son and Ha Tuyen, have bases that have done a good job in having the people discuss things and support the militia and self-defense forces. Perhaps one of the reasons is that the militia and self-defense forces at these places are more necessary in the lives of the people. They live near the border. In production and daily life, they have never needed civil defense forces. Infiltrators and spies cross the border and continue to disrupt the lives of the people and so they need militia and self-defense forces. In these places, the activities of the militia forces are a necessity. The same thing can be said about the situation in the border provinces and districts in Military Region 4 (along the Vietnamese-Lao border), the coastal provinces in military regions 4 and 5, and the provinces in Military Region 9. In these localities, there must be constant vigilance.

In 1990, almost all of the localities changed the focus of the activities of the militia and self-defense forces and of the border defense security forces. These forces engaged in maintaining political order and social safety. But coordinating the activities of the militia forces and the other forces is something that must be guided constantly in order to prevent them from interfering with each other, to prevent this person from doing the job of that person, and to prevent people from violating the stipulations and laws. The basis for handling this relationship is Joint Ministry of Interior-Ministry of National Defense Circular 785.

#### **1991—the Base Year**

In our view, the decisive problem is to bring about real change at the primary level. Naturally, we cannot expect every place to make the same changes at the same time. In the present situation, we must continue to invest in building up the bases in the key areas: the border areas, islands, coastal areas, and urban areas with complex situations. In the situation in which the self-defense of the production installations is encountering difficulties, effective measures must be implemented. There must be close coordination between the economy and national defense and between production and the protection of production. Directive 217 must be revised so that it contains the necessary points to enable the production installations to continue carrying on national defense tasks while switching to economic accounting. The problems concerning procedures and policies with respect to the village and subward military cadres and militia and self-defense forces when engaged in activities and training must be solved well. The strengths of the central echelon, localities, and bases must be coordinated, and the people must be mobilized to make rational contributions. The time has come to end the debate on "one fixed rate-two fixed rates," which has dragged on for years now. In reality, there are bases that have paid the expenses for three-four military cadres. The main question is, At what level should national defense work be maintained?

### **ECONOMIC**

#### **Director General on Joint Coffee Enterprise**

912E0129A Hanoi QUAN DOI NHAN DAN  
in Vietnamese 26 Jan 91 p 2

[Interview with Truong Van De, director general, Vietnamese-German Joint Coffee Enterprise, by Nguyen Tat Han; place and date not given: "What Future Is in Store for Vietnamese-German Cooperation in Coffee Production?"]

[Text] [Han] The Vietnamese-German Joint Coffee Enterprise has existed for 10 years since its establishment. May we ask you to let us know some of its basic accomplishments in that period of time?

[De] The Vietnamese-German Joint Coffee Enterprise was established within the framework of organizing the implementation of the cooperation agreement on coffee production that was signed in December 1980 by the governments of Vietnam and the GDR [German Democratic Republic]. It was the first unit in our country's agriculture engaging in an international cooperation in coffee production and also the first unit at that time achieving business management modeled after joint enterprise operations in the red-basalt area of the Dac Lac highlands, which had good potential for development but very low economic, cultural, and social standards. I think I should mention the above facts so that

readers would understand better the degree of achievement attained by our enterprise in the last 10 years.

About the socioeconomic situation, the northeastern part of Krong Ana District (Dac Lac Province) before 1980 had been a desolate, barren, and sparsely populated area. But it became a prosperous and stable economic area after the establishment of the Vietnamese-German Joint Coffee Enterprise, which both recruited local workers and accepted more than 5,500 laborers who had come from the northern delta and central provinces as part of the efforts to build new economic zones to work in the coffee plantation. With a joint capital of 25 million rubles, including 16.4 million rubles being invested directly in coffee production, with the hard work of more than 8,000 cadres and workers, and with renovation of the managerial mechanism, profit-and-loss accounting, and socialist business, the enterprise has so far developed 8,500 hectares of land (including 1,500 hectares having resulted from doing joint business with the locality, Krong Ana District) as part of its coffee-planting area. This area has thus increased by 11 times compared to the initial coffee-planting area in this region. Almost all of the above-mentioned area has become productive, and in 1990 the volume of production has reached 2,800 tons of coffee beans (compared to 178 tons in 1981). The enterprise has so far delivered to the friendly country 6,300 tons valued at 18 million rubles (twice as much as the capital borrowed from the friendly country as specified in the round-1 cooperation agreement). The fact that our coffee was of high quality and was delivered on time and in the right quantities has made the government of the friendly country highly evaluate the results of our cooperation in coffee production.

Also in the northeastern part of Krong Ana, the Vietnamese-German Joint Coffee Enterprise also invested in building the material and technical base and public welfare facilities consisting of 120 kilometers of roads for automobiles, 38 dam reservoirs covering a total area of 300 hectares and having a total capacity of 42 million cubic meters, 5,000 square meters of storehouses, 94,000 square meters of concrete yards used for drying purposes, 5,300 square meters of work space, 160,780 square meters of permanent and semipermanent housing for workers, and nearly 28,000 square meters of public welfare installations like hospitals, schools, and cultural houses. We especially have 2,300 laborers from the ethnic minorities in 16 villages, who volunteered to work in the coffee plantation; they have been organized into 18 production units and have signed contracts with the enterprise to grow 1,370 hectares of coffee, not including the 336 hectares of coffee they grow as family activities in their own gardens (100 percent of the ethnic minority households were beneficiaries of settled-farming-and-settled-life action and had their own coffee gardens). As a result of such efforts, their standard of living has undergone profound changes in all material, cultural, and spiritual aspects (70 percent of the households living in houses on stilts with strong tiled or

corrugated-iron roofs); if they are sick, they will be treated at the hospital, and their children go to spacious, well-ventilated, clean, and attractive schools, which were built as investment by the enterprise.

National defense security in the area has been stabilized; the FULRO [United Front for the Struggle of the Oppressed Races] bandits no longer operate either openly or covertly as they used to five or six years ago because there now exists in the area where our enterprise is located a workers' force 8,000 men strong. Every production unit has a mobile militia-self-defense squad in charge of protecting its production and maintaining order and security. During the defense exercises organized by Military Region 5 and the Dac Lac Provincial Military Command earlier this year, the militia and self-defense force of the Vietnamese-German Joint Coffee Enterprise led the entire province in regard to both quantity and quality shown in the exercises.

[Han] [In light of] the recent crisis in the economic and political situation in the Eastern European countries and specifically [since] the GDR and the FRG have been reunified, will the Vietnamese-German agreement for cooperation in coffee production signed earlier be abolished, and what will happen to this cooperation?

[De] The economic and political crisis in Eastern Europe, in terms of their indirect or direct consequences, must directly affect our country. We cadres and workers of the joint Vietnamese-German enterprise are deeply concerned and worried, now that the two parts of Germany have been reunified, mostly about whether the 1990 cooperation program will be fully carried out and what will be the future of this cooperation. We think that these worries are totally legitimate because the program involves the jobs and life of nearly 10,000 workers, and the feelings of friendship and cooperation that have always existed and have long been strengthened. Last August a joint parliamentary delegation of both the GDR and the FRG, during its visit in our country, came to visit and to work with our enterprise and the Dac Lac Provincial People's Committee. It highly evaluated the results of the cooperation between Vietnam and the GDR in coffee production in the last 10 years, in which the Vietnamese-German Joint Coffee Enterprise was the unit that had been directly organizing and carrying out the cooperation program, and carrying it out in an effective manner. At the same time, the delegation affirmed that the Vietnamese-German cooperation in developing coffee production would continue under the conditions of a reunified Germany and on the basis of mutual benefits. On that occasion, the head of the joint German parliamentary delegation affirmed the following: "Since the Vietnamese-German Joint Coffee Enterprise is the common offspring of both Vietnam and reunified Germany, neither side should abandon it; on the contrary, both sides should bear the responsibility for investing in it so as to allow it to grow quickly and soon to have broad contacts with the international market."

So the future of and prospects for cooperative development of Vietnamese-German coffee production are bright. Assigned by the government and the Ministry of Agriculture and Food Industry the task of carrying out the joint Vietnamese-German cooperative coffee production program, we are very honored, proud, encouraged, and confident in the achievements that we have made in the last 10 years, which have made the friendly country have faith in us and have confirmed that it would continue to cooperate with us. Strongly developing such achievements and ceaselessly overcoming difficulties, the enterprise will strive to reach in the 1991-1995 stage a volume of production of from 4,000 to 5,000 tons of coffee, with one-half of which to be delivered to the friendly country in compliance with the agreement and the rest to help us to continue investing in intensive cultivation in the plantation, improving the living conditions of workers, and fulfilling our budgetary obligation to Dac Lac Province.

#### State Price Commission Chairman Interviewed

912E0128A Hanoi DAI DOAN KET in Vietnamese  
4-10 Dec 90 p 7

[Interview with Phan Van Tiem, chairman, State Price Commission, by Minh Tuan; place and date not given: "Interview With Phan Van Tiem, Chairman, State Price Commission: How To Explain Recent Sudden Price Changes?"]

[Text] [Minh Tuan] Mr. Chairman, how do you explain the recent sudden changes in prices?

[Phan] The changes had objective and subjective reasons having to do with market, price management. The increase in rice prices was closely related to fertilizer prices. In May last year, because of the fact that the supply of urea fertilizer imported from the Soviet Union had encountered problems right during the crop season in both parts of the country, fertilizer prices went up. The state, sectors, and localities had to dispense dollars in order to import fertilizers. If we calculated the value of dollars being twice as much as that of rubles, we would say that fertilizer prices should be doubled. The sudden changes in the prices of fertilizers and rice in May-June 1990 coincided with the fact that we began to purchase more than .5 million tons of urea at world-market prices and paid for it with dollars. The phenomenon of competing for exporting and selling and of speculating in a number of localities also drove the prices of urea sometimes up to 2,200-2,500 dong per kilogram. Rice prices were forced to go up. I think that rice prices of more than 1,000 dong per kilogram (about 1,300-1,400 dong per kilogram) were reasonable, for they did compensate for farmers' expenses. That was the basic reason for the sudden increase of 100 percent of rice prices in the second quarter of 1990. The brief sudden changes in the last few days of October were due to the mentality of farmers who wanted to keep their rice, rather than to sell it. Part of the reason was the fact that putting money in savings accounts was no longer attractive; another part

was the fact that prices of iron, steel, and cement were up and close to their real value. Farmers did not dare to sell their rice in order to buy building materials (their very great need was to build their own houses). Another reason was that nitrate fertilizer prices also were raised in order to be closer to import costs, particularly in the southern provinces, which mainly used chemical fertilizers. In addition, some organizations used their money to buy any grain they found available in the market in order to stock up their storehouses. The granting of rice-export quotas also was not controlled rigidly enough, in spite of the fact that the state had already restricted the exporting of grain. As to gasoline and oil, as you certainly know, the crisis in the gulf has boosted their prices. Some rich countries still keep prices in their own countries lower than those in the world market because they have reserves, including the reserves of hard currencies. They give price compensation to their people. As to our country, it is not a rich one; our reserves, including gasoline-oil and foreign currencies, are very small. As to the value of dollars, it has gone up because the deadlines for paying debts, both domestic and foreign, already passed. Sectors and localities used commodities and cash to buy dollars to pay their debts because they were afraid that they would be fined. The buying of dollars in September 1990 to import high-level goods, including foreign cigarettes, drove up the prices of dollars. Since October 1990, prices of gold and dollars have gone down. The prices of U.S. dollars went down from 7,200 to 6,500-6,600 dong per dollar; gold to around 300,000 dong per chi [one-tenth of a tael, or 3.75 grams].

[Minh Tuan] Your explanations all sound rational. So from now on, nobody is going to provide any subsidies to support our production costs. Everything must follow the world market. But how about wages, prices, and labor? Are they ever evaluated on the basis of the world market? Our workers presently are encountering difficulties, with their standard of living this year being much lower than that in 1989.

[Phan] The party and the state are considering ways to resolve them in a synchronized manner. In the production-business sector, there were no state subsidies in the last two years; anybody who was good at doing business would be able to survive. The installations that encounter difficulties receive support. The state has spent hundreds of billions of dong to provide installations with capital, to reorganize production, to improve industrial equipment, and to protect the interests of workers. Difficulties exist in the administrative sector and regarding the objects of our social policies. The state has made an effort to subsidize 20 percent of the wages of workers and civil servants in this sector and to give price compensation to these objects in regard to kerosene used as illuminant. That is an immediate measure. To resolve the wage problem here involves resolving the staff problem. We cannot push workers into the streets, but instead we must provide them with jobs, have good social policies, and at the same time demand that they put out products and be productive.

The basic synchronized measure is to create a common motivation for society as a whole, to open up every production potential, to abolish restrictions of all kinds, and to strengthen the circulation of goods. In 1990-1991 and the following years, we will persistently resolve problems in production and business, be more open, further liberate the productive force, and encourage more strongly all economic components to take part in producing social wealth. And then the 1991 plan must at any cost boost the value of exports to 1.8-2 billion dollars in order to have the potential to stabilize prices and to import sufficient quantities of materials and raw materials needed in our production. The investment law must be further institutionalized, with efforts being made to reduce cumbersome procedures and costs in regard to services and telecommunications so as to attract both domestic and foreign capital investment.

[Minh Tuan] What does your commission plan to do in order to stabilize prices?

[Phan] The recent price changes have shown that along with freedom having to do with prices, importance must be attached to the managerial role of the state. In France, if they want to raise the prices of bread, the state will invite producers and the consumers' association to meet to consult with one another about prices. If they want to raise subway fares, they must also convene a meeting between subway owners and owners of factories whose workers ride the subway to work; otherwise, workers will demand a raise of their wages to compensate for the fare increase. In Malaysia, its parliament sets in decrees the prices of 10 essential commodities. Every country has some kind of governmental regulation being applied in one way or another to prices of essential commodities; there is not any market that is absolutely free, nor any floating of prices that allows individuals and economic organizations to speculate and to monopolize the market.

We are also building an operating mechanism that is suitable for our market structure, but we do not want to let prices float. That is the model of renovation having to do with the state management of prices in the market. For instance, about prices of paper, in the near future we are going to meet with the three paper mills in the country and to invite representatives of the paper-consuming organs, such as newspapers and publishing houses, to discuss with us before announcing the prices of paper that we set; anybody who sells paper at prices higher than the set ones will be prosecuted. The state's price organ will fulfill the task of being a mediator and judging the consultations among producers, major dealers, consumers, associations, and mass organizations. Anybody who hoards goods and waits for prices to go up will be prosecuted and charged with speculation.

That is the mechanism of indirect price control. As to some essential commodities like rice and fertilizers, the state will set prices and strictly control them.

The goal of our efforts is, through regulation of goods-money and synchronized action, to reduce the rate of increase of prices in 1991 to make it no higher than that in 1990. There will be new difficulties in 1991; therefore, we must boldly step up the renovating efforts and properly exploit the potential capacity to fight inflation and sudden price increases. This makes us have confidence in 1991.

[Minh Tuan] Thank you, Mr. Chairman.

### Article Analyzes Economic Reform

912E0135A Hanoi NGHIEN CUU KINH TE  
in Vietnamese Feb 91 pp 8-14

[Article by Le Duc Thuy: "Economic Reform in Vietnam—Contents, Achievements, and Prospects"]<sup>1</sup>

[Text] Economic reform in Vietnam actually began with the Sixth VCP Congress in December 1986. Summarizing the specific changes of the reform process in order to grasp the nature of the events, the key contents of economic reform in Vietnam can be stated as follows:

1. There must be a reorganization of the economic structure and a major overhaul of the investment structure based on concentrating on hitting the targets of the three economic programs, or abandoning the classical model of socialist industrialization.

Actually, with respect to theory, to date, in Vietnam there is still no new and complete viewpoint on socialist industrialization. The adjustments put forth at the Sixth Congress were aimed at clarifying the contents of the initial stage of this process. In this, the task is to create the necessary preconditions for promoting socialist industrialization in the following stage. Even though people are still obsessed with the idea of giving priority to the development of heavy industry as if this is the vital element of the industrialization process and an objective that must someday be reached, the important point is that industrialization and the development of the country's economy can no longer be viewed as separate from the division of labor and international labor cooperation. The viewpoint on opening up the economy, actively participating in world markets, and organizing an effective industrial structure based on our comparative advantages has gradually been affirmed.

On the other hand, there have been resolute and uniform adjustments in actual operations. The state's investment capital has been concentrated on hitting the targets of the three economic programs—grain, food, and consumer and export goods—and on carrying on the key energy projects and the cooperative economic projects with other countries. A decision has been made to stop or postpone construction of 42 large projects with an equipment value of approximately 500 million rubles, which is one-fourth of the total equipment value agreed to with outside parties based on the old plan, and 300 smaller projects of the sectors and localities.

Because of concentrating the material means, the key projects, such as the Da River and Tri An hydroelectric projects and the oil and gas drilling projects, have gone into operation and are now contributing to reducing the energy difficulties. In the three years 1987-1989, 30 water conservancy projects, 22 industrial projects, four communications projects above the quota, and thousands of projects below the quota were put into use. The sectors, localities, and bases have set aside much investment capital for expanding agriculture and consumer and export goods, with emphasis given to small-scale projects that can yield results quickly. Approximately 60 percent of the investment capital of central budget and 75-80 percent of the investment capital of the localities has been reserved for the targets of the three economic programs. And this does not include the investments of the private, individual, and family sectors.

Although understanding concerning the three economic projects has been simple and the development of these projects has progressed slowly, the problems in the development of the agricultural, forestry, and fishing sectors and of consumer and export goods production became the main themes of the 1986-1990 five-year plan and of the annual plans during this period.

The target of the grain and food program is to meet the minimum grain needs of all of society and strive to have a grain yield, converted to paddy equivalent, of 21-22 million tons in 1990, in which 1 million tons are state reserves. The new thing here is not giving priority to grain and food production. Ever since 1976, agricultural expansion, with grain being the key, has been regarded as the leading front. What is new is that the grain problem is being solved not on the basis of self-sufficiency and local activity but on the basis of having commodity economy, using the strengths of each region, having a variety of agricultural products, expanding freedom of grain circulation throughout the country, and expanding import-export activities in order to fulfill the grain and food needs of the people.

The interests of the peasants, the producers of food commodities, have been respected more. Peasant households have become direct and primary production units in agriculture. The role of the cooperatives, with the previous collective farming system, has shifted to the sphere of lead-in and lead-out services for production. The portion of the products produced belonging to the peasants has been increased. The period of time for which peasant families can use fields has been increased to 15-20 years for short-term plants and two business cycles for perennial plants. The right to use land and the right to inherit and transfer land use rights have been officially approved.

The system of buying and selling food and agricultural means of production between the state and the peasants based on a low price, which was actually a system that was imposed from the top, has been replaced by a system of free commodity exchange based on market prices. The measures blocking the lawful circulation of grain have

been abolished. After "ruling the roost" for more than 30 years, the practice of issuing grain based on ration stamps and coupons and issuing rice at low prices to people who are paid state salaries or to people who have a business relationship with the state has now been stopped.

The country still has many difficulties, but by 1989, the great difficulties concerning food had been overcome. The needs of the people are being satisfied better. After having had to import grain, Vietnam is now exporting a notable amount of grain to world markets and has increased state reserves.

The targets of the consumer goods program are to provide the products most necessary for the material and cultural lives of the people, such as cloth, instructional materials, and common medicines; contribute to increasing the export value using many forms, especially work cooperation with other countries; contribute to balancing supply and demand and controlling inflation, and strive for an average increase in consumer goods production of 13-15 percent during the period 1986-1990.

The problems of having quality and achieving results in the production of consumer goods and of enabling this to become a commodity production sphere for market demand have been elevated. The commercial production independence of the primary level units has been ensured. The producers have created the conditions, and they must adhere to the needs of the markets and to product sales capabilities in order to survive and expand. The planned norms and orders of the state with respect to enterprises and state enterprises that produce consumer goods, including stipulations and specifications concerning amounts, types of goods, prices, and distribution points, have been eliminated. The enterprises now have the right to make decisions about the above problems based on fulfilling their obligation to contribute to the budget. Also, they are now responsible for profits and losses and the incomes of the workers.

The capabilities of all the economic sectors, including the national defense industry, heavy industry, and the scientific research installations have been mobilized, and the economic elements have been greatly encouraged to participate in the production of consumer goods. Emphasis has been placed on intensive investment and synchronization in order to quickly manifest results in commercial production and increase the level of exploitation of the existing production capabilities. Priority has been given to investing in building medium-sized and small enterprises that cost little money and that can start paying a return on the investment quickly. Modernization is focusing on the decisive elements in the technical chain along with making full use of traditional techniques.

The two-price mechanism and the artificial division between the so-called organized markets and free markets and between domestic markets and foreign markets



with respect to commodities in general and consumer goods in particular have been eliminated. The system of supplying consumer goods based on ration stamps and coupons has been disbanded completely. Although the consumer goods growth rate is still slower than predicted, the consumer goods markets are more abundant, the quality of the commodities is higher, and the needs of the people are being satisfied better. People no longer have to stand in line in front of state stores, which was a typical phenomenon of the economy for several decades. The markets are really becoming markets of the consumers.

The target of the export goods program, which is part of the strategic policy concerning expanding foreign economic activities, is to create a greater and greater export value with a number of key goods in order to increase the export value, gradually narrow the gap between exports and imports, and ensure economic and social results in import-export activities. Attention has been given to exploiting the country's advantages with respect to varied tropical agricultural products, abundant sources of energy, and relatively cheap cost of labor, with laborers who are capable of quickly grasping new techniques. A foreign investment law was promulgated in December 1987 with the intention of attracting foreign investment capital in many forms and enabling the exploitation of our natural resources and the processing of export goods to begin to create an important force for expanding foreign economic relations and fostering integration with the world market. All of the economic elements have been encouraged to participate in producing export goods. The right of the local sectors and production installations to engage in import-export activities directly has been expanded.

The motto of varying relationships and forms in foreign trade activities has manifested a relatively good effect. The value of imports and exports with the non-socialist sector has increased rapidly and supplemented imports and exports with the socialist sector. The import-export management mechanism has gradually been renovated based on eliminating bureaucratic centralism and switching to economic accounting. The rate of exchange between the dollar and ruble and the Vietnamese dong has been set in accord with market realities. Active preparations are being made to move quickly to world prices and make payments using convertible currencies with all parties.

With respect to a number of key types of goods such as rice, aquatic products, and crude oil, in 1989 the export value increased almost 70 percent as compared with 1988, and in 1990 it increased 10 percent as compared with 1989. The gap between exports and imports narrowed considerably. The target of doubling the export value during the 1986-1990 five-year plan as compared with the 1981-1985 five-year plan will certainly be hit.

It will take a long time for Vietnam to overcome the disabilities, imbalance, and ineffectiveness of a poorly developed economy that suffered greatly during the war

and that was further weakened by many years of mistakes concerning structural and investment policies. But there are clear hopes for forming a more effective economic structure, with the spearheads being agriculture, forestry, and fishing in close connection with the processing industry, a number of industrial products and consumer goods and other export goods, and a service sector. The classical model of industrialization is being abandoned. The view of using every capability of the international division of labor and quickly modernizing the economy based on an "open and flexible" structure model is gradually becoming the orthodox viewpoint.

2. The potential of all the economic elements must be exploited. Ownership and business forms must be made more varied.

The traditional viewpoint regards eliminating private forms of ownership in a relatively short period of time and establishing in all economic sectors and spheres a socialist system of ownership with respect to the means of production using state and collective forms of ownership as one of the leading tasks and as the decisive factor in the success of socialist construction. This viewpoint was the theoretical and ideological basis for the hurried nationalization and collectivization of the commercial production spheres that took place in northern Vietnam during the period 1958-1960 and that was carried on even more violently nationwide for 10 years after the war under the name "socialist transformation in industry and commerce and agricultural cooperativization."

Commercial production stagnated. The failure of the state enterprises and cooperatives to achieve results was extended and widespread. There was a shortage of many types of products and services at a time when much of our potential was wasted or irrationally interdicted. The producers and consumers became more and more unhappy about the poor standard of living. The efforts to save the situation within the framework of continuing on under the domination of public ownership were very feeble. All of these things were objective realities that proved the bankruptcy of the old viewpoint and fostered the birth of a new viewpoint.

The Sixth Party Congress officially recognized the mistakes of the old form of socialist transformation and abandoned the target of completing transformation within the scope of one five-year plan. It regarded this as a long-term, multi-faceted process that will run throughout the historical period of socialist construction. The congress affirmed the necessity of "freeing the production strength" and exploiting the potential of all the economic elements and recognized the existence of elements based on private ownership as an objective necessity that would not hinder and that would even contribute to hitting the targets of socialism if there are correct policies and mechanisms for using them.

In the rural areas, the role and capabilities of the peasant family economy have been exploited more in the new contract mechanism. Steps have been taken to form and



expand the individual and private economies using various cooperative economic forms. Thanks to this, encouraging results have been achieved in promoting intensive cultivation to increase yields, expanding the area under cultivation, and creating new business forms and new occupations such as gardening, afforestation, the cultivation of long-term industrial crops, the raising of livestock, the raising and growing of aquatic products, agricultural services, and artisan industries.

In the cities, along with the state, cooperative, and individual economic forms, small owner and capitalist economic forms have begun to take shape in the production, circulation, and service spheres. Some production installations are using hundreds of hired workers. Along with expanding joint business operations both here and abroad, various economic forms integrating many types of ownership are being expanded. In particular, a state capitalist economic sector has come into being with various forms. This plays a very important role in a number of spheres, such as in exploring and drilling for oil and gas.

To date, in Vietnam's economy, the state economic sector produces approximately 38 percent of the gross social product and 27 percent of the national income. The cooperative economy produces 33 and 41 percent respectively, and the private economy produces 29 and 32 percent respectively. The much greater abundance of commodities and services and the vitality of the country's economic activities prove the correctness of the policy of varying ownership and business forms and providing more based on reality in order to perfect the viewpoint on expanding the multi-faceted economy.

In the thinking of the cadres and people and in the policies and positions of the party and state, there is greater and greater unanimity in regarding expanding the multi-faceted economy as a strategic task that is in accord with the domestic needs of the expansion of the production strength and as a guarantee of democracy in selecting ownership and business forms in order to survive.

The coordination and interweaving of many ownership and business forms in accord with the various characteristics and standards of the production strength, techniques and technology, practices, and traditions in conditions in which the state administration belongs to the laborers and the key elements of the economy such as finance, banking, and the vital infrastructure are directly managed by the state allow us to exploit every potential and adhere to socialist development directions.

The state economy is still the foundation of the economic system, and it plays a guiding role in the multi-faceted economic system. But this does not mean nationalizing the sectors and economic spheres or having the state provide special treatment. It will maintain only the essential elements, ensure the macrocosmic regulatory capabilities of the state, and undertake activities that the other economic elements do not want to or do not have

the capabilities to undertake or, if these activities were assigned to these elements, this would harm the material and cultural interests of citizens. The state economy percentage does not have to be larger than the percentage of other elements. Furthermore, the state economy must play its guiding role though the quality and results of business activities based on fair and lawful competition with other economic forms. Except for a few enterprises which, because of their economic and social significance, can be subsidized to a certain degree by the state, enterprises must manage their own business activities and take responsibility for their profits and losses. They can be disbanded, contracted out, or have their form of ownership changed if they suffer protracted losses.

The cooperative economy is no longer identical to one of its characteristics, that is, a collective economy, which is formed by collectivizing the means of production of the small and individual producers. The production and business organizations that are formed based on voluntary contributions of capital and labor and democratic management, without any distinctions made based on scale, technical standards, or level of collectivization of the means of production, are different forms of the collective economy. Each citizen can be the owner of an independent economic unit (peasant economy household or individual or private production and service installation) and a voluntary member of many commercial cooperatives in many different sectors and spheres of the economy.

For many economic sectors and spheres, the family, individual, and capitalist economic forms are suitable forms of organization and organic factors of the economic system that can exist for a long time and that are protected by the law. The individual and capitalist economies can develop openly without restriction as to scale. They can operate freely in almost all spheres of production, transportation, construction, and services. The only exceptions are a few sectors prohibited by law (weapons production, publishing, and banking). Stock ownership together with the various types of public enterprises and corporations will be expanded to form one of the widespread formulas in order to mobilize every source of strength, join the various forms of ownership, and create new social coordination between the economic elements in the process of socialist oriented development.

3. It has been officially recognized that the socialist economy is a planned commodity economy, or a fundamental shift from a bureaucratic centralism and state subsidies economy with all economic relationships in kind to a market economy with macrocosmic regulations and the economic accounting rights of microcosmic organizations.

Identifying the commodity economy with the capitalist economy and opposing or only partly approving market mechanisms in managing the economy was a special characteristic of the theoretical thinking and business practices of the socialist system prior to renovation and

reorganization. For a long period of time, the various economic spheres such as currency, prices, profits, supply and demand, and so on were devoid of objective economic substance and became labels pasted on tools to serve centralized control based on the administrative orders of the state apparatus.

The undeveloped state of the market relationships was the economic basis for the birth of the bureaucratic centralism and state subsidies mechanism. In turn, the survival and expansion of the bureaucratic centralism and state subsidies mechanism made it necessary to continue expanding the scope and degree of "materialization" of the economic relationships in society. The one-sided attack on one of these two restrictive factors was not enough to free the economy from the illogical fetters, which resulted in commercial production activities becoming weaker and weaker and more and more ineffective. Because of this, the special feature of economic reform in Vietnam is not the policy of eliminating bureaucratic centralism and state subsidies. Such a policy was first put forth at the 23d Plenum of the CPV [Communist Party of Vietnam] Central Committee, 3d Term, in 1973. An effort was made to implement this, but this did not achieve any results either before or after the war. The basic sign of reform is posing and solving the problem of eliminating bureaucratic centralism and state subsidies based on resolutely shifting to a market economy.

The Sixth Party Congress affirmed that a socialist economy is a planned commodity economy. A country with small-scale production can advance to socialism without going through the capitalist stage of development, but it cannot ignore the development of a commodity economy. This idea has set the direction and promoted new and bold moves in solving the country's economic and social problems.

Market relationships have been considered and enabled to manifest an effect with respect to the factors participating in social reproduction: materials, equipment, consumption materials, raw materials, capital, scientific and technical research products, labor strength, and so on. Social markets are regarded as a unified entity having many elements and forces that cooperate and compete equally in accord with the law. Consumer goods markets, means of production markets, labor markets, currency markets, and bond markets are gradually being formed. The state has given the markets the right to set the prices of almost all products based on creating equality in the relationship between buyers and sellers, eliminating the factors that give rise to artificial needs and shortages and monopolies by producers, and opening a path for the supply and demand relationship to manifest an effect in regulating market prices. The decisive solutions are to implement a commercial price mechanism, commercialize the means of production and consumer goods, eliminate the distribution of many types of commodity materials based on planned norms and the sale of goods to consumers based on ration stamps and coupons, and free domestic and foreign commodity circulation.

The state enterprises will be treated as commodity producers who operate based on the principles of economic accounting, who manage their own financial affairs, and who are responsible for the results of their operations. With only a few exceptions, the economic relationship between the enterprises and the state and between the enterprises and their customers must be based on equal price exchanges. The large state subsidies given to the enterprises through material prices, capital, and credit interest rates are gradually being eliminated. At the same time, the enterprises now have the right to reach agreements on purchase prices, adjust sales prices, and change types of goods, amounts produced, and product distribution points. Most of the enterprises must fulfill only one planned norm, that is, their obligation to contribute to the budget. This is regarded as a transitional step in advancing to a system of paying fair taxes just like the business organizations belonging to other economic elements (since 1991).

The macrocosmic control of the state with respect to the economy has undergone a fundamental change. Instead of occupying a position of control in which it directly regulated almost all commercial production activities and economic relationships, centralized planning now plays a role of setting directions, pointing out development targets, maintaining the basic percentage relationships and general conditions for economic activities, and formulating policies and control mechanisms with the aim of exploiting the maximum potential of each economic unit in order to expand commercial production in accord with the law and better satisfy the needs of society. The financial, credit, and currency tools and the price, interest, and tax levers are becoming the main tools of planned management of the national economy at the macrocosmic level.

The state must use the laws, economic tools and policies, and necessary material means to influence the markets and regulate market relationships in accord with the planned guidelines based on obeying their objective laws of mobilization, and strive to eliminate underground economic activities, tax avoidance, the production of fake goods, speculation, and so on in order to form a wholesome market and, through this, regulate the actions of the microcosmic units. It can be said that in reality, Vietnam is one of the socialist countries that has gone the farthest and been the most resolute and that has begun to achieve results based on the economic model. In this, the state regulates the markets in a planned way, and the markets regulate the commercial bases.

As explained above, the plans on reforming Vietnam's economy were not formulated as perfect plans right from the beginning. And to date, they have not been implemented thoroughly or in a unified manner. There have been many partial and unsynchronized measures that are in conflict with each other or that are too simple to solve the economic and social problems. For example, we continued to adjust prices and wages based on the old model in 1987 and 1988. That caused even more confusion in distribution and circulation and pushed inflation

to an even higher level. The state subsidies situation was allowed to pose serious problems in grain, import and export, and capital construction activities. State subsidies concerning capital and credit interest rates were maintained for too long. This nullified the efforts to eliminate state subsidies through the price of commodity materials. An exchange rate between the ruble and dollar and the Vietnamese dong was imposed subjectively. Mistakes were committed in economic relationships. Nothing was done to promptly overcome the situation in which there were "fake profits and real losses." Large quantities of national property were lost. Many subjective mistakes were committed, and there was voluntarism in fighting inflation. Thus, as of the middle of 1988, the country's economic situation had not improved and had even grown worse as compared with the period prior to 1986. Inflation was increasing, the rate of economic growth had slowed, difficulties in daily life were becoming more and more serious, and social problems were becoming more and more serious.

Since the middle of 1988, thanks to applying solutions in a more synchronized and unified way based on making creative use of the renovation viewpoints of the Sixth Party Congress, the situation has undergone positive changes. In particular, the anti-inflation program, with a system of policies and measures with the nature of an economic reform program having both immediate and long-term steps, that was put forth, developed, and implemented at the beginning of 1989 has made clear advances in many spheres. Inflation has been brought under control and reduced from an average of 15 percent a month in 1988 to only 2.7 percent a month in 1989. And during the first six months of 1990, this contributed to overcoming the food shortage, creating an abundance of consumer commodities, improving the standard of living of the laborers, and stimulating changes concerning quality and results in production and business. The signs of achieving stability and escaping from the crisis are becoming clearer and clearer.

Economic reform in Vietnam is irreversible, but the speed of the reform, how thorough it is, and how great the results are depend on the capabilities for overcoming many objective and subjective difficulties and obstacles.

Above all, the lack of development and the serious imbalance lie outside the economy. These things stem in large part from the serious consequences of the protracted war. Economic reform, by itself, cannot replace the great material and financial sources that the country needs to improve the structure, increase production capabilities, overcome the imbalance, and improve the standard of living of the people. Our domestic potential is very great, particularly our abundant source of labor, our cultural foundation and the rather high intellectual standards of the people, our abundant mineral resources that have just begun to be exploited, and so on. But this potential cannot be exploited quickly and effectively without capital, technology, and foreign markets. Because of the backwardness of our infrastructure, the instability of our economic environment, the lack of

synchronization of the legal guarantees, and the embargo imposed by the American government, foreign investment in Vietnam is still limited. At the same time, there is an unfavorable balance of trade, and the construction of new projects by the Soviet Union has declined. Vietnam must make preparations for shifting all foreign economic activities to a trade mechanism based on international prices and for making payments in hard currencies from the beginning of 1991. Even though the recent advances have made it possible for the economy to face the new challenges, this shift will have a great impact on all of the country's economic and social spheres. This is a period of great challenge through which Vietnam must pass in order to continue scoring achievements in renovation.

A major obstacle to economic reform is the lack of knowledge and skill necessary to organize and control a market economy. The lack of a general reform program is an indication of that fact. Many of the reform steps have been taken based on experience using trial and error methods, which can easily lead to vacillation, doing things half-way, and a return to old viewpoints and mechanisms when there are defeats. To date, the key elements that will determine the shift to a market economy and ensure macrocosmic control capabilities based on formulating financial and banking plans have been organized and implemented just as during the period of bureaucratic centralism and state subsidies. Few of the macrocosmic and microcosmic management cadres have been equipped with the knowledge and skills needed to work in a market mechanism, particularly in the foreign economic sphere. With a lack of awareness, the old ideas and viewpoints are sometimes used to rebut or counter the new ideas. This causes confusion about what is right and wrong and leads to conflicting decisions. The cadres and people actually carrying out the reform need to be trained or retrained, but that is not something that can be done quickly.

Economic reform in Vietnam is taking place in an atmosphere of political stability, and because of this political stability, Vietnam made the right choice when it decided to concentrate its efforts on promoting economic reform. But as economic reform progresses, this will require that we promote corresponding reforms in the political system. Different from the centralized planned economy of the past, the market economy, which has macrocosmic controls and which will democratize economic and social life, requires that the state apparatus be reorganized and that the rights and responsibilities of the party, state, mass organizations, and businessmen in managing the economy at the macrocosmic and microcosmic levels be reassessed and determined based on the position of the various classes and social strata and of each citizen in the country. Vietnam has sufficient experience not to copy the models of others. But as for what the "Vietnamese model" of a political system will be like, to date, no persuasive solutions have been offered. And to date, few preparatory steps have been taken aimed at renovating the

political system in accord with the new economic model. Unless something is done about this soon, this will hold back economic reform.

Continuing the economic reform process in Vietnam is not simply a matter of overcoming the obstacles of the old system and mechanism that are still deeply embedded in thinking and life or of improving organizational and managerial standards and capabilities in order to implement the plans and existing measures more thoroughly. This is also a process of searching for solutions to the questions that have arisen and that will arise: How should the conflict between social ownership and the direct ownership rights of the laborers with respect to the means of production that they use be resolved? How should the conflict between the centralized and unified management of the state and the production and commercial independence of the production installations be resolved? How should the conflict between the centralized economy and the local economy be resolved? What should the national financial policy and mechanism be in order to create and mobilize domestic and foreign sources of capital to quickly renovate technology and industry, exploit the potential, and soon pass the poverty threshold? What position should we choose for ourselves in the international division of labor and cooperation? How should the price, currency, credit, and wage problems be solved in the face of the objective need to adapt quickly in expanding foreign economic relationships? The list of problems will grow even longer, because there is no model for people to find what they haven't seen—a new socialist economy. There are only new questions. But with the price that has had to be paid in the process of searching for and carrying on economic reform in recent years, with the experience that has been gained, and with the initial results that have been scored thanks to this reform, there is reason to believe that the basic directions of the reform are correct and that the reform will certainly succeed.

#### Footnote

1. In Vietnam, the official term is economic renovation, but according to the author, the real substance of the process is economic reform.

### Major Problems With Smuggling

#### DAI DOAN KET Comments on Smuggling

912E0127A Hanoi DAI DOAN KET in Vietnamese  
18-24 Dec 90 p 1

[Article: "At the Eighth Session of the Seventh National Assembly"]

[Text] Regarding opposition to smuggling, the National Assembly's Legal Committee stated that the report of the Ministry of Commerce did not address directly or give correct answers to the following troublesome matters:

1. Smuggling sabotages the national economy and opposes our socialist state, so why do state organizations smuggle?
2. State organizations come under the management of the Council of Ministers and the governmental administrations at all levels, so why cannot they prevent those organizations from smuggling?
3. Smuggling is a crime in the Criminal Code and state organizations that smuggle violate state law, so why are only citizens required to respect state law and not smuggle?

#### State, Military Units' Involvement in Smuggling Noted

912E0127B Hanoi DAI DOAN KET in Vietnamese  
18-24 Dec 90 p 1

[Article by Quoc Khanh: "Smuggling: Many State Organs and Army Units Are the Principal Violators"]

[Text] Since the implementation of the Council of Ministers directive on opposing smuggling, many large-scale smuggling schemes have been carried out by many state organs and army units.

#### Trucks With Red and Blue License Plates Smuggle Wood

Song Be is the province with the greatest flow of wood-hauling trucks, from the border, from Cambodia, and from Dac Lac. During the past 10 months trucks have made 10,000 trips hauling 200,000 cubic meters of wood across the Song Be border. Since last year, the buying and selling of wood between us and Cambodia has increased notably. Many units of the Ministry of Interior, the Ministry of Forestry, etc., also come to harvest and deal in wood. Including the harvesting and transporting of wood internally and the selling of "troi noi" wood brought in from Cambodia, the situation becomes extremely complicated and is beyond the scope of Song Be.

During the past three months, the province's special duty section has intensified its activities concerning the smuggling of wood and has achieved initial results: it has confiscated 2,000 cubic meters of wood and taken in 400 million dong in fines. Nearly all of the trucks transporting wood illegally bear the red and blue license plates of the state organs and army units. Of the 377 trucks that were detained, 102 had red license plates, while the remainder had blue license plates. Almost none were privately owned trucks. That proves that in addition to participating directly in smuggling wood the state organs also rent out trucks to haul smuggled wood. At a forestry control station in Loc Ninh we personally observed dozens of wood-smuggling trucks belonging to the following units being detained this week: truck 63B1902 of the Tien Giang Truck Transport Corporation, truck 60A15-84 of the Dong Nai Grain Corporation, truck 50C73-72 of the Agriculture-Local Produce General

Corporation, truck 61A70-56 of the Song Be Export Industrial Crop Processing Corporation, truck 52C21-78 of the Joint Public-Private Truck Transport Enterprise No. 1, etc.

According to the forestry control cadres, a considerable number of military vehicles also haul wood. On 3 November 1990 a truck bearing license plate AD45-73 of Corps 4, driven by Vu Ngoc Huan, illegally transported 10 kumput logs. Furthermore, Huan threatened the forestry control personnel and the military police. That does not include the troops and disabled veterans of all kinds of units who participate in transporting smuggled wood.

### **The Importers of Smuggled Goods Are State Organs!**

At the port of Saigon, for years there has been a considerable volume of smuggled goods in the warehouses; stylish automobiles, La Han soft drinks, convertible coupes, Salopas cellophane tape, electric fans, instant noodles, automobiles with steering wheels on the other side, artificial flowers, belts, and hair clasps.

Automobiles are still imported in large numbers through the port of Saigon. The consignees are none other than state organs, especially the import-export companies.

The Machinery Export-Import General Corporation (Machino Import) has been cited for the most violations. According to the reports of the Customs Office of the Port of Saigon, more than 20 vehicles smuggled in by Machino Import were discovered. The Hau Giang Machinery Export-Import Corporation imported 48 Toyotas and the Tedicovina Corporation (Dong Thap) imported 40 Peugeot 405 automobiles, none of which had import permits.

Although regulations restrict the importation of 13 products, many state organs continue to import them in large numbers. The Tam Binh District-Cuu Long Machinery Export-Import Corporation dared store goods in the area of the Thong Nhat Assembly Hall and imported, very "generously," 1,119 cases of instant noodles, 100 cases of Salopas cellophane tape, 18 cases of belts, 48 cases of dried tangerine skins, and hair clasps. The Con Dao Economic Development Corporation imported nearly 40,000 cans of La Han fruit. The Tedicovina Corporation (Dong Thap), which was more elegant, imported 3,600 bottles of Napoleon brandy. Strangest of all was the case of the Agrimexco Corporation. Although its primary function is exporting and importing agricultural products, that corporation signed a contract with the Ever Rich Corporation in Hong Kong to import two lots of printed cloth consisting of 272 cases. None of those goods were accompanied by import permits when they were imported. According to the Port Customs Office, most of the consignees of the confiscated goods were state organs.

The situation of state organs engaging in smuggling is not unusual. The reason why the prosecution of smuggling cases has encountered difficulties and has been stretched

out has been the participation of many state organs and army units. None of them have been prosecuted strictly in accordance with the law. Smuggling has upset and sabotaged the nation's economy and has seriously harmed the economic-social policies and violated Article 80 of the Criminal Code.

Prosecuting smuggling cases is not simply a matter of disciplining and fining the truck drivers who commit violations. The essential matter is to clarify and investigate the responsibility of cadres in positions of authority who head those organs and units, in correct accordance with the law, no matter how high-ranking they are.

Having brought out those two cases, once again we urgently recommend that the legal organs quickly investigate and strictly prosecute those who deliberately impoverish the nation and disturb order. Smuggling sabotages the national economy. Smuggling is a crime listed in the Criminal Code. Thus the state should prosecute it.

## **SOCIAL**

### **Letter From USSR Denounces Lawbreakers**

*912E0125A Hanoi DAI DOAN KET in Vietnamese  
11-17 Dec p 5*

[Article by Thu Hien: "An Urgent Letter From the Soviet Union"]

[Text] We are regular readers of the newspaper DAI DOAN KET. We would like to thank your newspaper for having informed us about all aspects of life in our country at present. DAI DOAN KET has caused us to have more confidence in the renovation of our country and the Vietnamese people. It has also strengthened our confidence that the struggle against negativism, crime, and corruption will certainly succeed.

We are true workers in the Soviet Union who ardently recommend that DAI DOAN KET inform the responsible organs about the circumstances of the lives of Vietnamese now living and working in the Soviet Union.

Because of the complicated changes in the situation at present, large numbers of Vietnamese workers have quit their jobs, which has led to many extremely complicated social evils and given rise to very serious law violations.

Many robberies and muggings have occurred in many parts of the Soviet Union, and there have even been cases of murder, robberies, rape, gambling, drinking, buying and selling, etc.

Although many people are on the wanted list, because we do not have sufficient personnel to preserve order and security and to maintain the rule of law, they have organized gangs to dominate and threaten the local units with Vietnam workers; they rob and mug and live decadent, corrupt lives with the money they steal. But no

one dares denounce them or complain, for any denunciation would be revenged barbarously and cruelly. Many of them have attacked workers and robbed them of hundreds or tens of thousands of rubles, and they have brazenly bought goods and boxes in which to send them to Vietnam and continue their luxurious lives.

Many of them been arrested by the public security police and deported. But after a time, because of carelessness or bribery, many have slipped through the net and returned to continue their activities. Many very distressing and sorrowful incidents have occurred in dormitories where Vietnamese live.

Many of us have been attacked and embarrassed both physically and mentally but we don't know to whom or where we should complain. If we complain to the cadres in charge of the unit they ignore us because they have also been threatened. The trouble-makers have threatened to control us and even to get revenge in the Soviet Union or after we return to Vietnam.

We are female workers who have only our two hands, so how can we resist guns, knives, and other dangerous weapons? No one has told us where the members of the labor management committee are or what their address is, so we don't know to whom or where to report.

We dare not say that it is the case all over the Soviet Union, but there are units that have reached an agreement with them or have been threatened and look the other way. In some places the unit organization cadres even use them to serve their own individual schemes and oppose positive people who dare struggle against those improper deeds.

The state must intensify the sending of Ministry of Interior teams to coordinate even more closely with the Soviet security police, in order to quickly restore discipline and retain the good will of the local people toward the diligent, hard-working, and labor-loving Vietnamese people.

Furthermore, the lawbreakers must quickly be sent back to Vietnam to be punished and brought before the public to set an example for the others, for many of them use money and gold to slip through the net and return to the Soviet Union via the "tourist route" to commit even more dangerous crimes.

Who lets them slip through the net? The Ministry of Labor, the Labor Cooperation Department, or the Ministry of Interior?

The Ministry of Labor work teams must be continually strengthened and additional personnel must be assigned.

The above are all the private thoughts and sentiments of us workers. We hope the editorial board of your newspaper will look into the matter and make recommendations to the responsible organs so that we can live and work at peace, with all qualities of Vietnamese workers in the Soviet Union.

We would like to wish the newspaper DAI DOAN KET the strength to win many victories.

### Commenting on Problems of Livelihood

912E0134A Hanoi DAI DOAN KET in Vietnamese  
25-30 Dec 90 p 1

[Article by Thai Duy: "Most Pressing and Most Imperative"]

[Text] Before the convening of the National Assembly, many people are anxious: "It's not clear whether the National Assembly will discuss the very difficult living conditions, especially for wage earners." Since November 1990 the price of rice has risen to 1,500 dong per kilogram. The base salary once bought 45 kilograms of rice, but now it will buy only 15 kilograms, or one-third.

Many voters are worried because nearly all the National Assembly delegates are cadres in positions of authority at the central and local levels. For them, such essentials as rice, cooking oil, and food products have not yet become a torment, as they have for many people who live only on salaries, which are too low (a person with a low salary makes only enough to pay for rice and electricity; if he is lucky, he can support himself, but not his children.)

With the approach of the convening of the Eighth National Assembly, at a press conference held to provide guidance the press was admonished not to deal with the difficult living conditions at present, especially salary increases, because our economy is still in a state of crisis that has not yet been resolved. When the people's highest organ of authority meets, should the press turn its back on the most pressing problem, one that is related not only to the food and clothing of millions of people but also to the stability that is very essential to all of us?

Through their speeches in small groups and in the assembly hall, many delegates proved to be worthy of the confidence of the voters. They frankly said that in view of escalating prices urgent steps must be taken to include price supplements in salaries to attempt to maintain the living standard of the first six months of 1990.

A Quang Ninh delegate reported at the assembly hall that in Quang Ninh the price of rice has risen to 2,500 dong per kilogram (the base salary is sufficient to buy only nine kilograms of rice and the monthly supplement for the families of war dead is only enough to buy three kilograms.)

A Hanoi delegate gave specific evidence: a retired man came to see her, his eyes full of tears, and told her that because of the present price of rice it is very difficult to live. He said he hoped she would report that heart-rending situation to the National Assembly.

A delegate from the municipality of Da Nang recommended that the National Assembly take steps to quickly provide aid to salary earners. If not, when the National

Assembly concludes and the delegates return to the localities, it will be difficult for them to face the voters.

One delegate expressed the aspiration of most of the voters that our state guarantee that the already too-low living standard will not decline further, and said that when some public security policemen he had just met noted that he was wearing the insignia of the National Assembly they recommended that he tell the National Assembly that high prices had rendered their salaries worthless.

Increasing salaries and improving the salary system are matters that must be further discussed and calculated, and cannot be accomplished in a day. Many delegates only requested price supplements so that salaries will not continue to lose value. The nation is still beset with myriad difficulties, but is not incapable of guaranteeing the already low living standard of the majority.

Active service and retired wage earners and the families covered by the benefit policies contributed their effort and blood in two resistance wars, and have fulfilled international duties and built up the nation. They are the most precious capital and are the hard-core force of our nation. Because they have already made many sacrifices, we cannot allow them to be forced into extremely hard-up circumstances, as they are now. The excessively low living standard forces cadres and workers to "have an outside leg that is longer than the inside leg" and will directly affect the implementation of the 1991 state plan. Malnourishment has reached an alarming level. Furthermore, allowing living standards to decline will lead to a decline in virtue, as is happening with regard to some wage-earners who are too hard-up and must, along with their relatives, earn a living at any cost, including prostitution.

Some National Assembly delegates gave legitimate, persuasive reasons why we can still pay price supplements. They concentrated on the following points:

Corrupt people have stolen from the state money, goods, and strategic materials amounting to hundreds of billions of dong. By restricting corruption we can have additional funds for paying price supplements. Furthermore, if we resolutely expropriate all stolen money and property and all property of corrupt people we will have additional money for the budget. At a time when honest white-collar and manual workers must worry about each meal and prices are still escalating, we cannot allow the irritating sight of people who do not work living luxurious, lavish lives on the backs of people who are producing wealth to nourish all of society.

Tens of thousands of state and collective economic installations (corporations, enterprises, and stores) are operating at a loss, are swindling one another, and are losing thousands of billions of dong, a considerable amount of which goes into the pockets of individuals. It is necessary to dissolve unprofitable installations that cannot be saved, so that—in the words of some National Assembly delegates—"less of the state's money will be

thrown out the window," and it is certain that will free hundreds of billions of dong to provide additional aid for impoverished families.

Waste is very widespread. Many people estimate that waste costs the state more than corruption and the theft of public property. Strict, effective measures must be taken immediately to fight waste. If waste can be limited, we will have more money to assist wage earners.

## BIOGRAPHIC

### Information on Personalities

91P30105A

[Editorial Report] The following information on Vietnamese personalities has been extracted from Vietnamese language sources published in Hanoi, unless otherwise indicated. An asterisk indicates that this is the first known press reference to this individual functioning in this capacity.

#### Vu Xuan Ang [VUX XUAAN ANG]

\*SRV ambassador to the Islamic Republic of Iran; on 27 November he met with Iran's First Vice President Habibi in Tehran. (NHAN DAN 7 Dec 90 p 4)

#### Doan Thuy Ba [DOANF THUYS BA]

Vice minister of public health; on 4-5 December she (he) attended a conference in Ho Chi Minh City on public health in the south. (Ho Chi Minh City SAIGON GIAI PHONG 6 Dec 90 p 1)

#### Nguyen Ky Cam [NGUYEENX KYS CAAMR]

\*State inspector general; on 5 December he read a report to the National Assembly on anti-corruption work. (Ho Chi Minh City SAIGON GIAI PHONG 6 Dec 90 p 1)

#### Pham The Duyet [PHAMJ THEES ZUYEETJ]

Member of the CPV [Communist Party of Vietnam] Central Committee; CPV secretary of Hanoi Municipality; recently he attended a meeting held in Hanoi to celebrate the 61st founding anniversary of the CPV. (NHAN DAN 4 Feb 91 p 1)

#### Do Ngoc Duong [DOOX NGOCJ ZUWOWNG]

\*SRV ambassador to Indonesia; from 9-13 January he was present at the meetings between Vice Chairman of the Council of Ministers Tran Duc Luong and officials in Indonesia. (HANOI MOI 15 Jan 91 p 1)

#### Truong Van Da [NGUYEENX VAWN DA]

Vice chairman of the Ho Chi Minh City People's Council; he was mentioned in an article on the 4th district in Ho Chi Minh City. (Ho Chi Minh City SAIGON GIAI PHONG 12 Jan 91 p 3)



**Dinh Phu Dinh [DINH PHUS DINHJ]**

\*SRV ambassador extraordinary and plenipotentiary to Belgium; he was appointed to this position by a recent decision of the State Council. (NHAN DAN 1 Feb 91 p 4)

**Nguyen Huu Duc [NGUYEENX HUWUX DUWCS]**

\*Deputy head of the Municipal Organization Committee in Ho Chi Minh City; on 8 January he paid a visit to the 8th district. (Ho Chi Minh City SAIGON GIAI PHONG 10 Jan 91 p 1)

**Nguyen Ngoc Giao [NGUYEENX NGOCJ GIAO]**

Deputy head of the CPV Central Committee Overseas Vietnamese Department; on 9 February he met with overseas Vietnamese who were visiting Vietnam. (NHAN DAN 11 Feb 91 p 1)

**Vu Thi Hong [VUX THIJ HOONGF]**

Member of the CPV Central Committee; deputy head of the Control Commission of the CPV Central Committee; she recently visited Cambodia. (NHAN DAN 14 Dec 90 p 4)

**Vo Nhu Lan [VOX NHUW LANH]**

Former editor in chief of SAIGON GIAI PHONG daily; \*editor in chief of the new weekly newspaper THOI BAO KINH TEO SAIGON [THE SAIGON ECONOMIC TIMES]; recently he was appointed to the latter position. (Ho Chi Minh City SAIGON GIAI PHONG 18 Dec 90 p 4)

**Mai Thuc Lan [MAI THUCS LAAN]**

\*Deputy head of the Economic, Planning and Budget Committee in the National Assembly; on 14 December he read a report at the National Assembly. (NHAN DAN 15 Dec 90 p 1)

**Tran Duc Luong [TRAANF DUWCS LUWOWNG]**

Vice chairman of the Council of Ministers; he recently visited Indonesia. (HANOI MOI 15 Jan 91 p 1)

**Ho Huan Nghiem [HOOF HUAANS NGHIEEM]**

\*Deputy head of the State Planning Commission; on 15 December he signed a document on Finland's aid to the SRV. (Ho Chi Minh City SAIGON GIAI PHONG 17 Dec 90 p 1)

**Chu Van Nguyen [CHU VAWN NGUYEENX]**

\*Deputy governor of the Vietnam State Bank; recently he attended a conference in Hanoi on capital markets in Vietnam. (NHAN DAN 18 Dec 90 p 4)

**Bui Hai Ninh [BUIF HAIR NINH]**

\*First deputy director of Vietsopetro Oil and Gas Joint Enterprise; recently he talked with SAIGON GIAI

PHONG daily about his enterprises. (Ho Chi Minh City SAIGON GIAI PHONG 6 Dec 90 p 1)

**Bui Hong Phuc [BUIF HOONGF PHUCS]**

\*SRV ambassador to the Republic of Austria; on 8 January he met with the chairwoman of the Central Committee of the Austrian Communist Party. (NHAN DAN 14 Jan 91 p 4)

**Pham Khac Quang [PHAMJ KHAWCS QUANGRI],  
Professor, MD**

Chairman of the Hanoi Fatherland Front Committee; recently he gave a speech at a meeting held in Hanoi to celebrate the 61st founding anniversary of the CPV. (NHAN DAN 4 Feb 91 p 1)

**Nguyen Tai [NGUYEENX TAIF]**

\*Deputy head of the Judiciary Committee in the National Assembly; on 14 December he read a report at the National Assembly. (NHAN DAN 15 Dec 90 p 1)

**Ho Te [HOOF TEES]**

Vice minister of finance; on 29 June he signed a protocol on the use of French aid to the SRV. (Ho Chi Minh City SAIGON GIAI PHONG 30 Jun 90 p 1)

**Trinh Thanh Thiep [TRINHJ THANH THIEEPJ],  
\*Major General**

Permanent deputy director of the People's Police General Department, Interior Ministry; his article on the causes of crimes was published in the cited source. (NHAN DAN 14 Jan 91 p 3)

**Nguyen Huu Tho [NGUYEENX HUWUX THOJ]**

Vice chairman of the State Council; chairman of the Presidium of the Vietnam Fatherland Front Central Committee; recently he attended a meeting held in Hanoi to celebrate the 61st founding anniversary of the CPV. (NHAN DAN 4 Feb 91 p 1)

**Vu Minh Thong [VUX MINH THOONG], \*Colonel**

\*Deputy commander of the Police Command in Ho Chi Minh City; recently he talked with an inspection team on the management of criminals. (Ho Chi Minh City SAIGON GIAI PHONG 11 January 91 p 1)

**Pham Chanh Truc [PHAMJ CHANHS TRUWCJ]**

Vice chairman of the People's Committee, Ho Chi Minh City; recently he was appointed publisher of the new weekly newspaper THOI BAN KINH TE SAIGON [SAIGON ECONOMIC TIMES]. (Ho Chi Minh City SAIGON GIAI PHONG 18 Dec 90 p 4)

**Nguyen Trung Tin [NGUYEENX TRUNG TINS]**

\*Chairman of the People's Committee, Long An Province; recently he chaired a meeting in his province to talk



about the death of an enterprise director. (Ho Chi Minh City SAIGON GIAI PHONG 11 Jan 91 p 4)

**Nguyen Tai [NGUYEENX TAIF]**

\*Deputy head of the Judiciary Committee in the National Assembly; on 14 December he read a report at the National Assembly. (NHAN DAN 15 Dec 90 p 1)

**Tran Son Thuy [TRAANF SOWN THUYR]**

Vice minister of forestry; on 11 January he made a report on afforestation projects. (NHAN DAN 15 Jan 91 p 1)

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